Office of the Secretary of Defense

Military Personnel

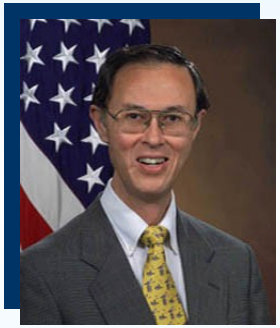
…Pursuit of Cost Effective Agility

Mr. Bill Carr
Deputy Under Secretary of Defense
(Military Personnel Policy)

Office of the Secretary of Defense

Secretary
Hon. Donald Rumsfeld

Deputy Secretary (Acting)
Hon. Gordon England



Under Secretary (P&R)
Hon. David S. C. Chu

Hon Donald H. Rumsfeld
SECDEF

Hon. Paul Wolfowitz
DEP SECDEF

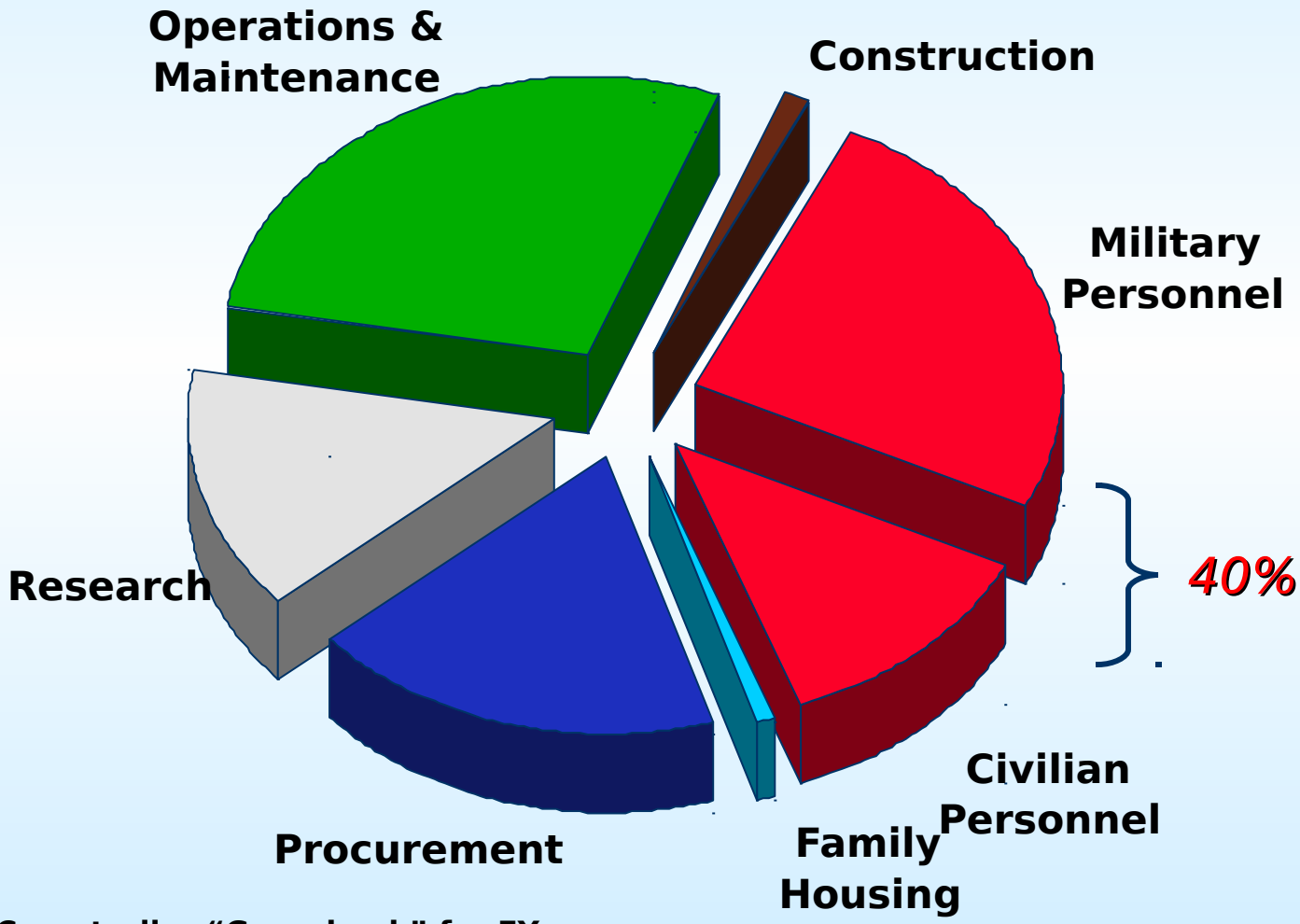
- **USD (Policy)**
  - **ASD International Security Affairs**
  - **ASD Strategy and Threat Reduction**
  - **ASD Special Operations and Low Intensity Conflict**
- **USD (Comptroller)**
  - **Dir, Program Analysis & Evaluation**
  - **Defense Contract Audit Agency**
  - **Defense Finance and Acct Service**
- Hon. David S. Chu
  USD (Personnel and Readiness)
  - Deputy Under Secretary
    (Military Personnel Policy)
    - Recruiting
    - Compensation
    - Career Management
  - **Reserves, Health, Civilian Mgt, et al**
- **USD (Acquisition and Tech)**
  - **ASD Environmental Security**
  - **ASD Nuclear, Chem & Bio Defense Programs**

Selected staff sections only

Background

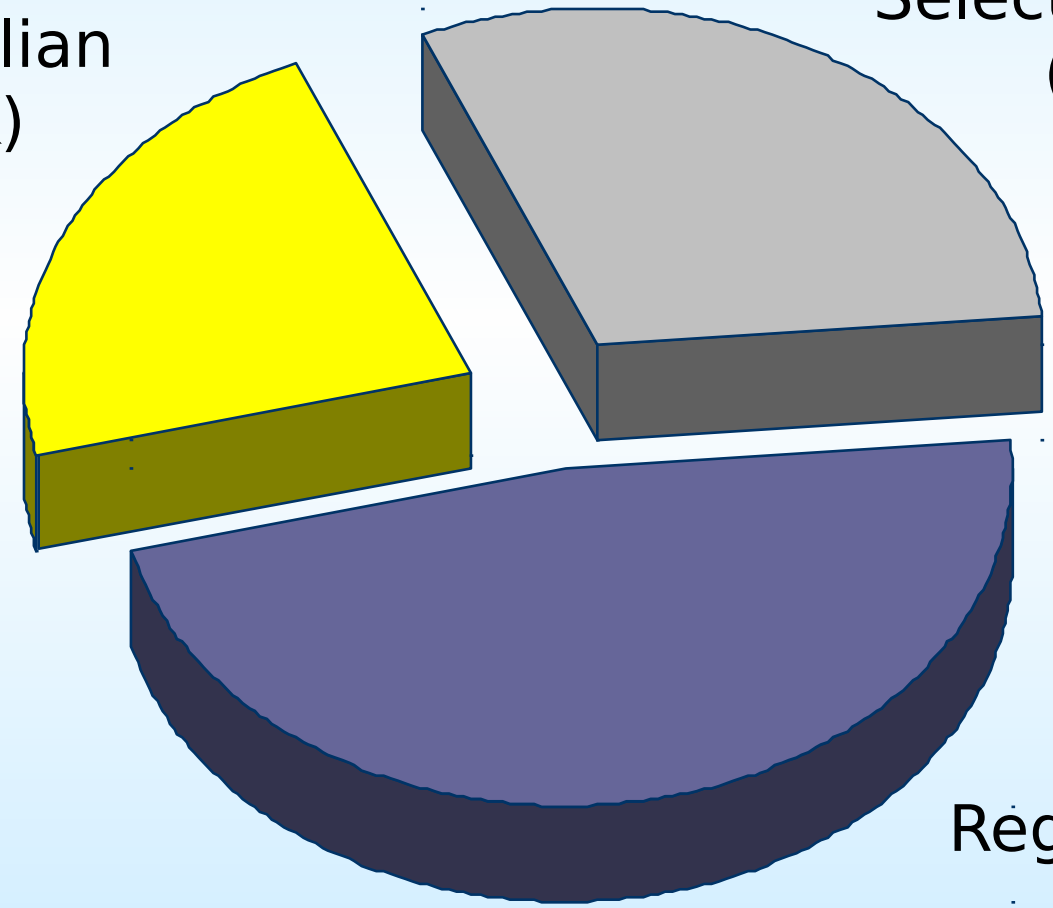
Office of the Secretary of Defense

Where is the Money…



Source: Comptroller "Greenbook" for FY 2005

Where Are the People…



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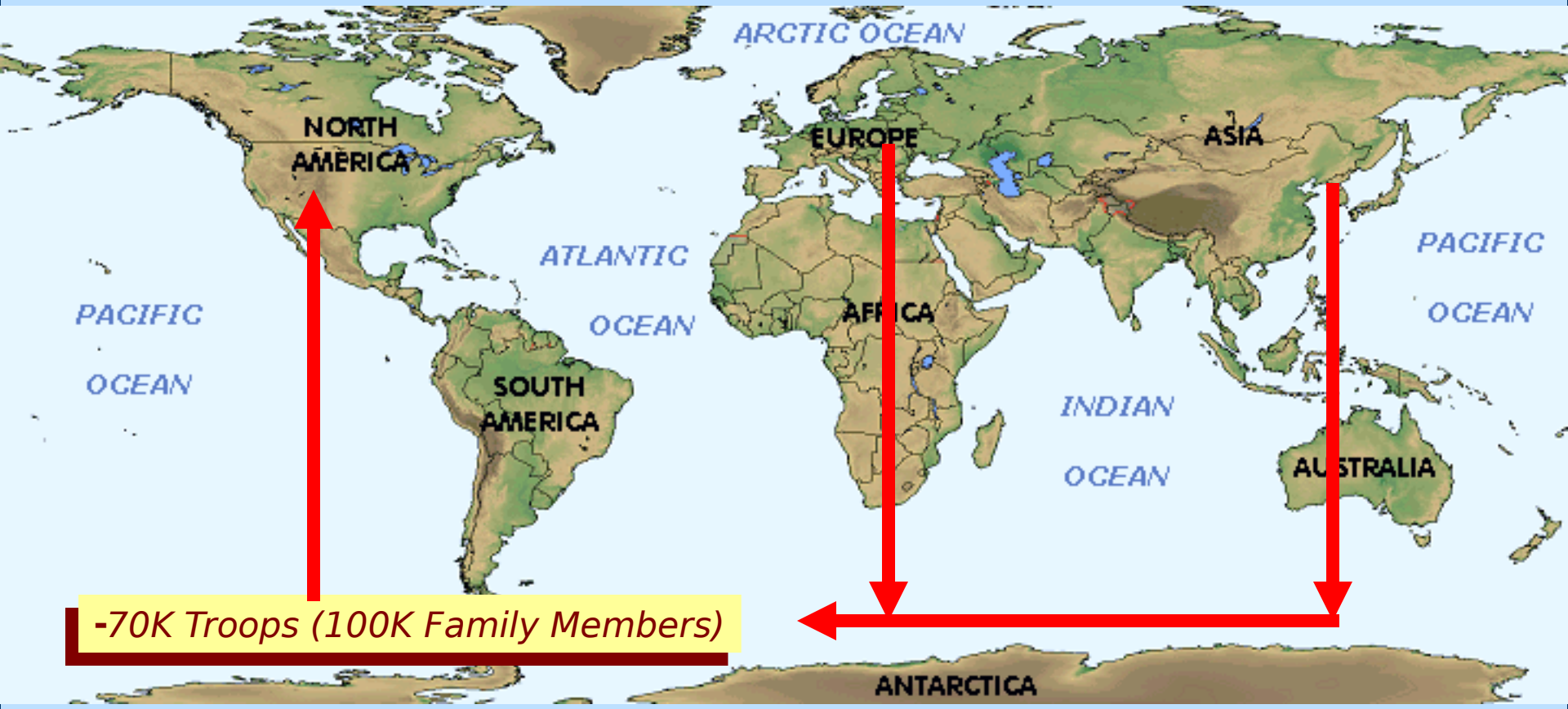
Global Defense Posture…



- Main Operating Bases *(e.g., Ramstein, Kadena, Camp Humphreys)*
- Forward Operating Sites *(e.g., Soto Cano Honduras)*
- Cooperative Security Locations *(e.g., Entebbe, Uganda)*

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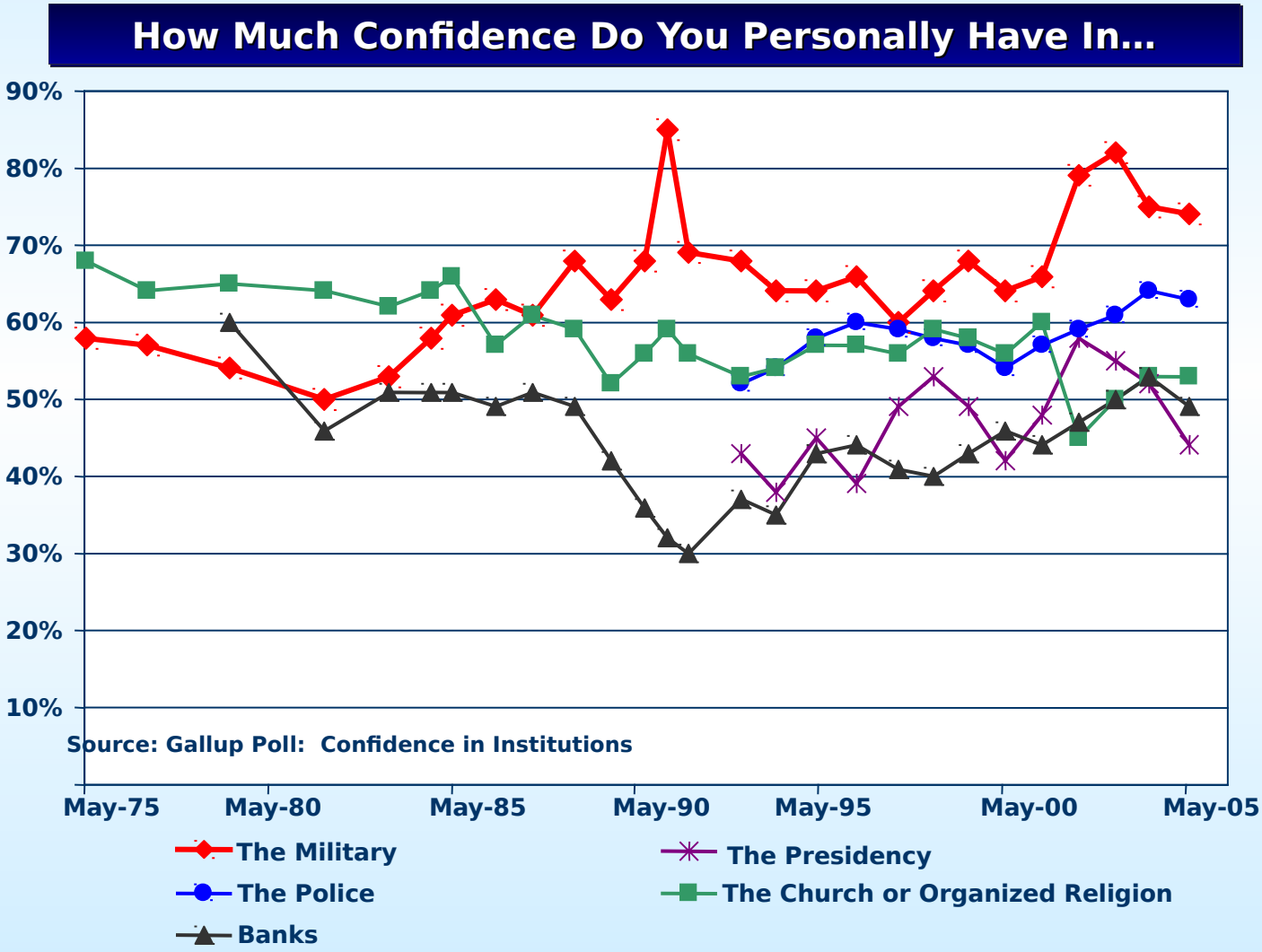
What's Our Standing…

Public Confidence in the Military



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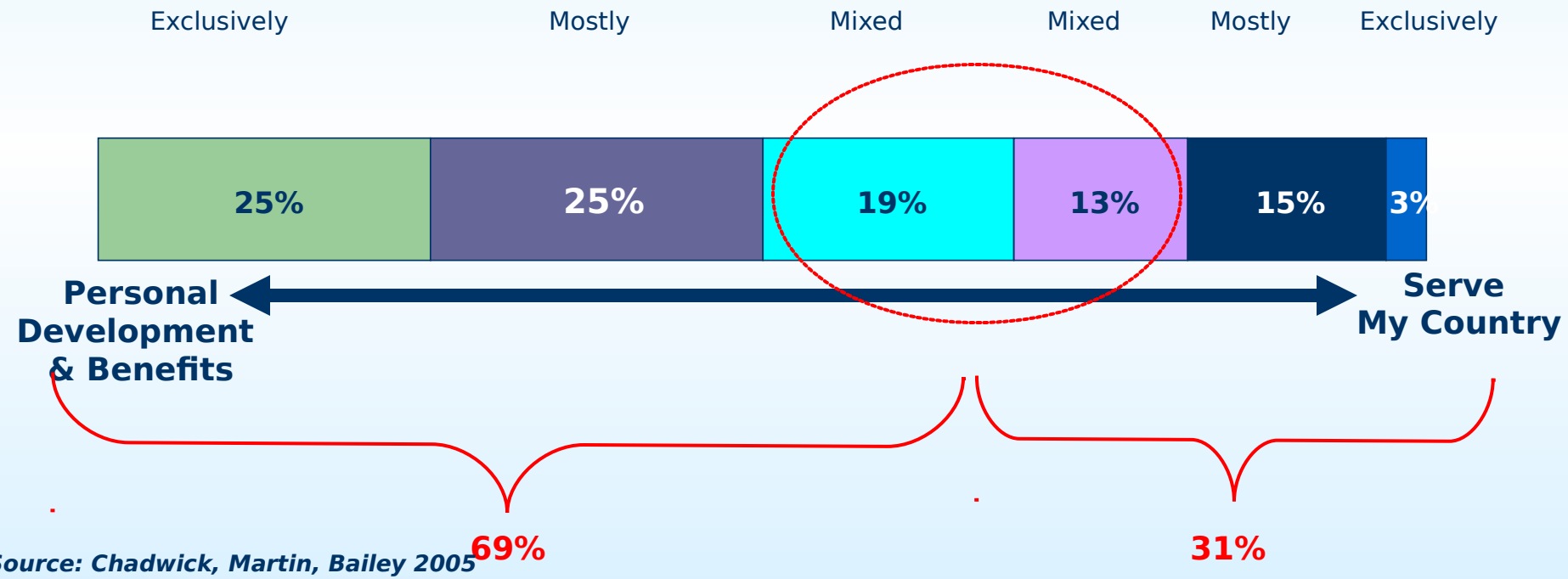
Why They Join…

Hispanic Motivation ~ General Market

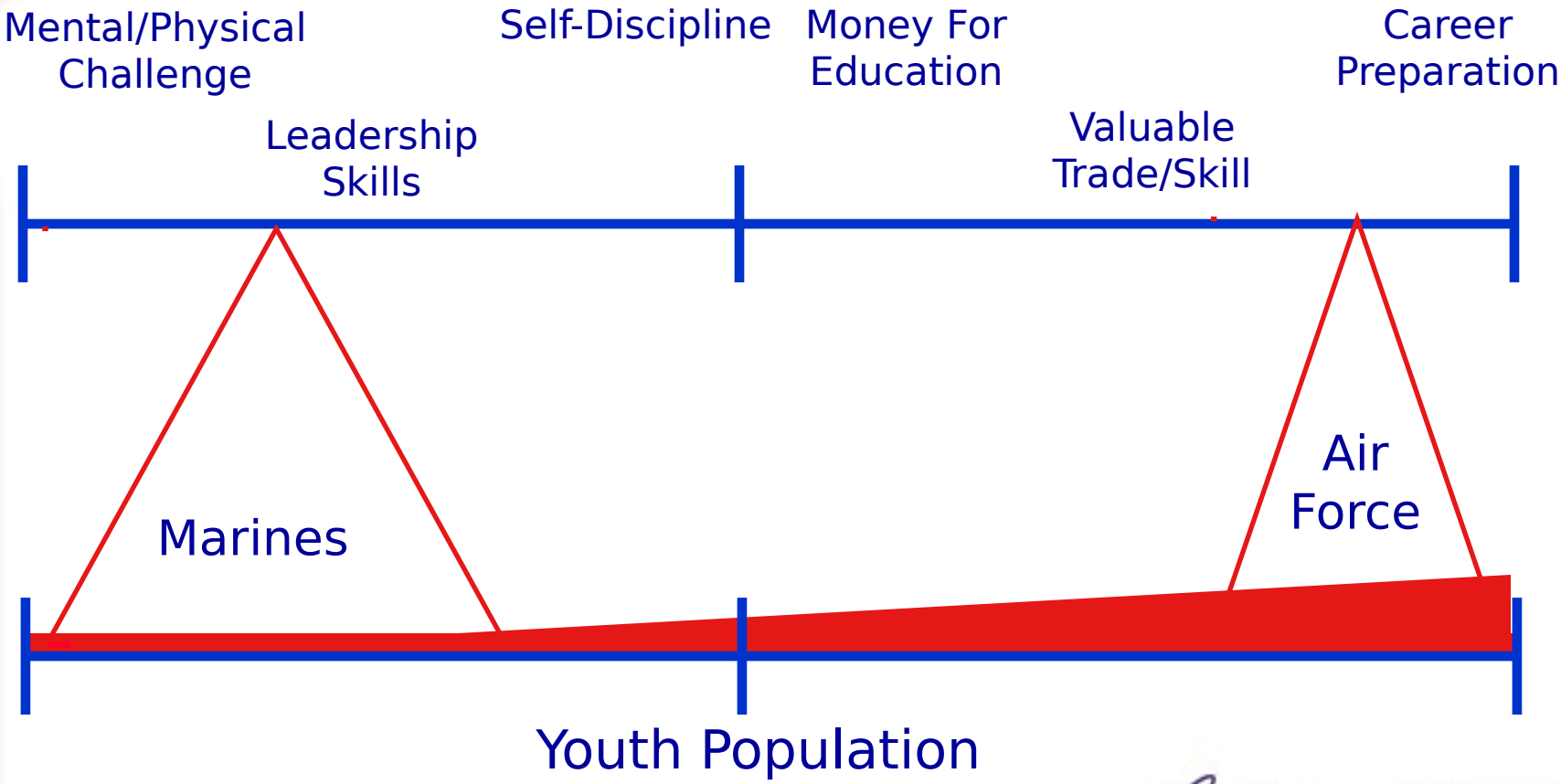
African Americans Lean Toward Personal Development (43% Exclusively



Source: Chadwick, Martin, Bailey 2005
Sample of 1,106 (21-24 Year-Old)

Q18: If you were to join the military, which would be your primary reason for joining? Mostly to serve my country or Mostly for personal development and benefits. Q18a /Q18b: How important is [OTHER REASON] as a reason for joining?

Model Of Recruitment Marketplace



J. Walter Thompson

Office of the Secretary of Defense

Who Stays…

How Many Complete Their First Enlistment:

- 2+ Years College 80%
- High School Diploma 70%
- Other Credential (e.g., GED) 55%
- Non-Graduates 45%

Average 36-month attrition for all enlisted accessions between 1988 - 1997. Some actual data points: 2+ college 22%; HSDG 29%; GED 49%; Home Schoolers 43%. Prelim data for most recent sample (1988-2000) are within one percentage point of the data from the inclusive 1997 sample.

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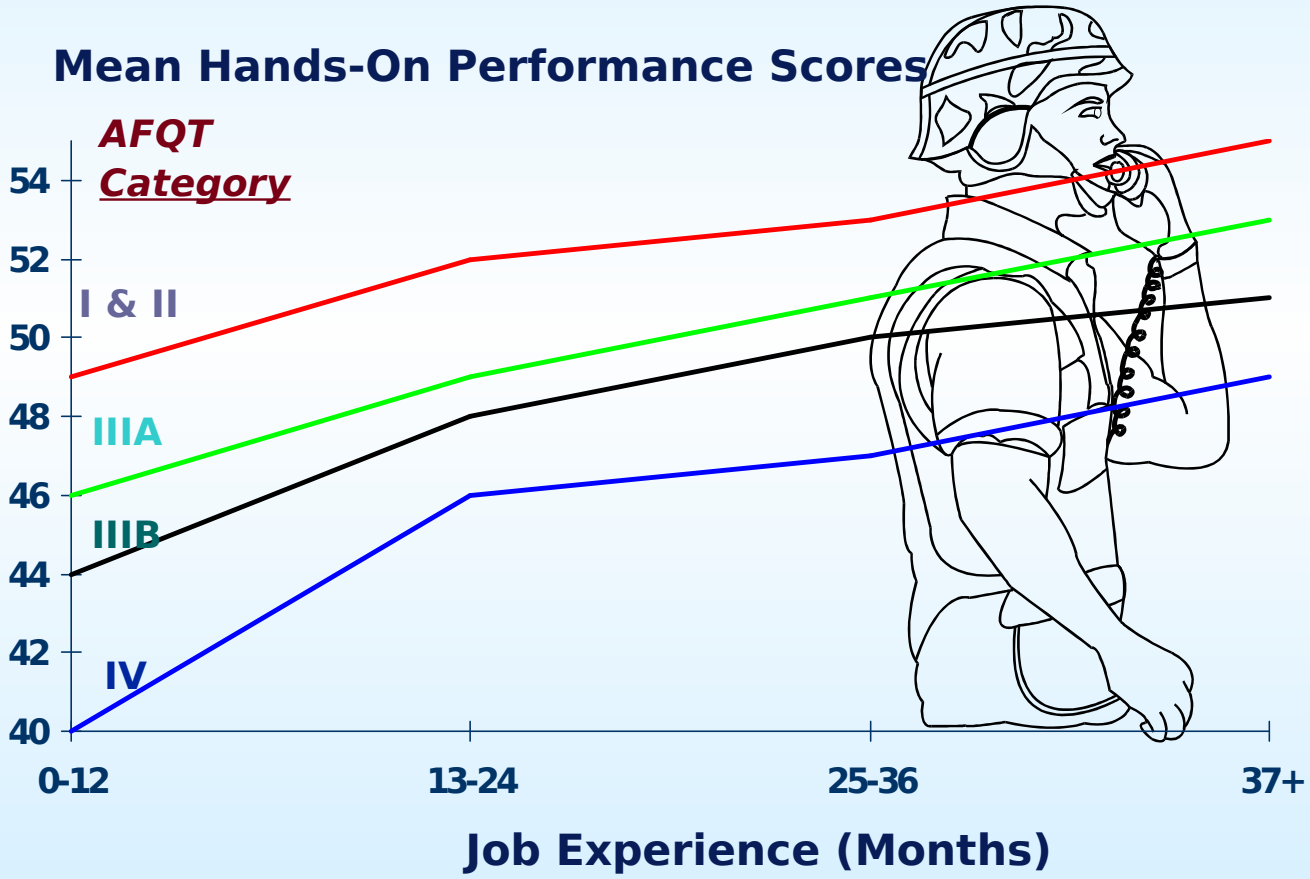
Who Performs Best…

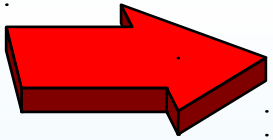


AFQT (Math-Verbal) Percentile: I (93-99); II (65-92); IIIA (50-64); IIIB (31-49); IV (10-30)

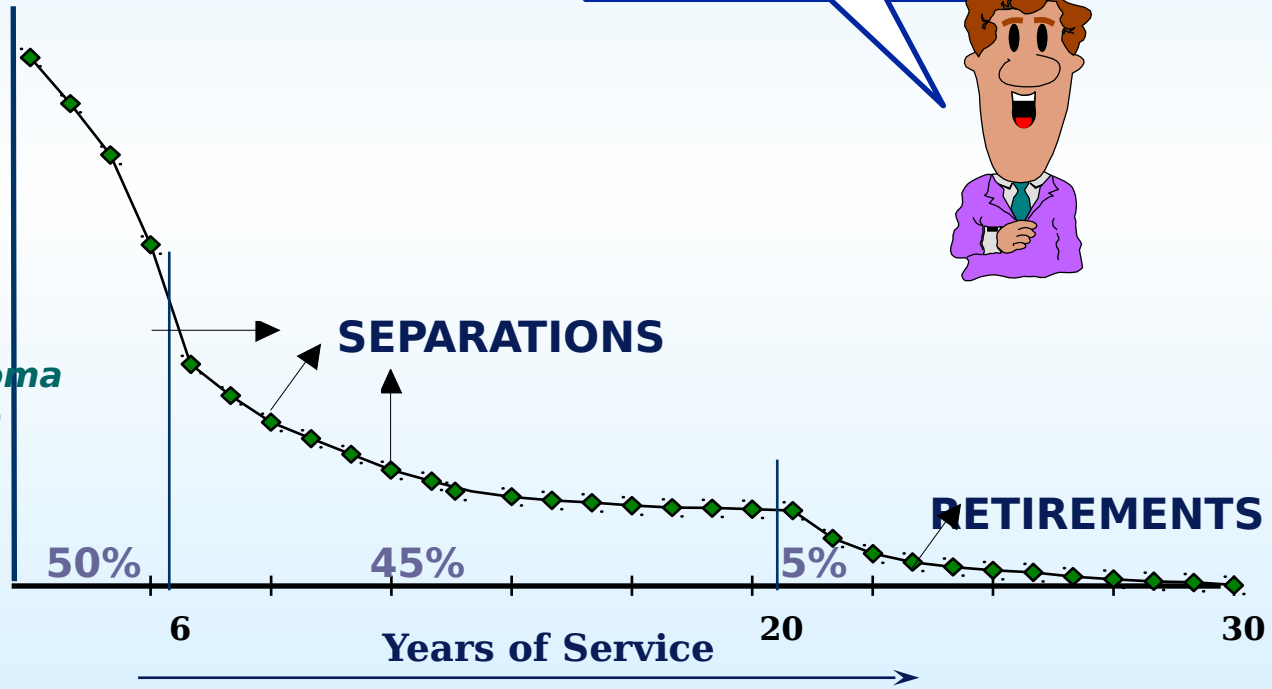
What We Want…

Can't do this with Conscription

RECRUITS



At Least…
90% High School Diploma
60% Top-Half Aptitude



U.S. Military – Enlisted
**** Services Vary ****

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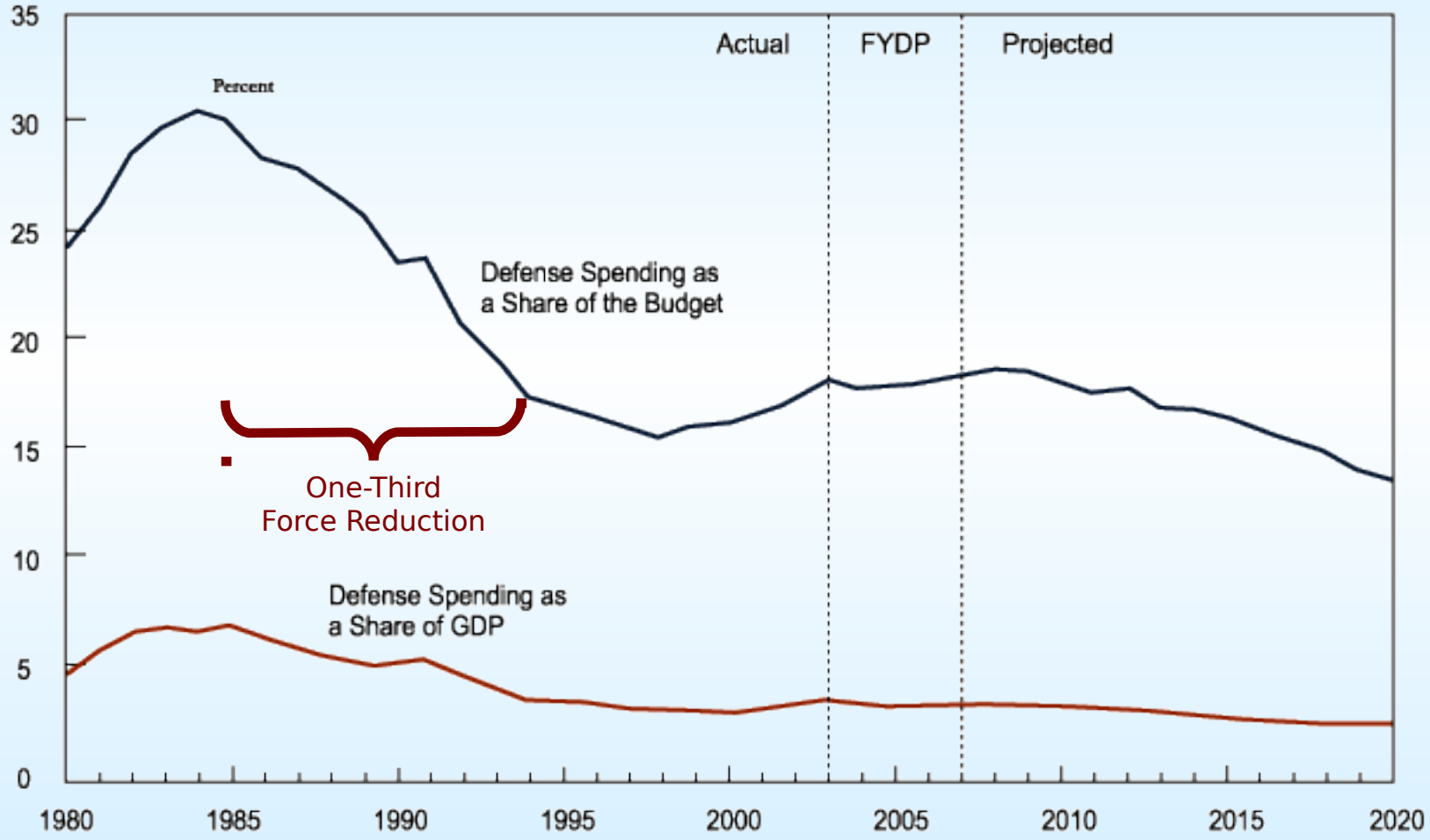
We'll Discuss…

- Adapting to Global Conditions
- What the Leading Indicators Say
- What Actions if Recruiting Fails?
- Why Conscription is Not the Answer

Defense Investments Were Reduced…



Source: Congressional Budget Office. FYDP = Future Years Defense Program; GDP = gross domestic product.

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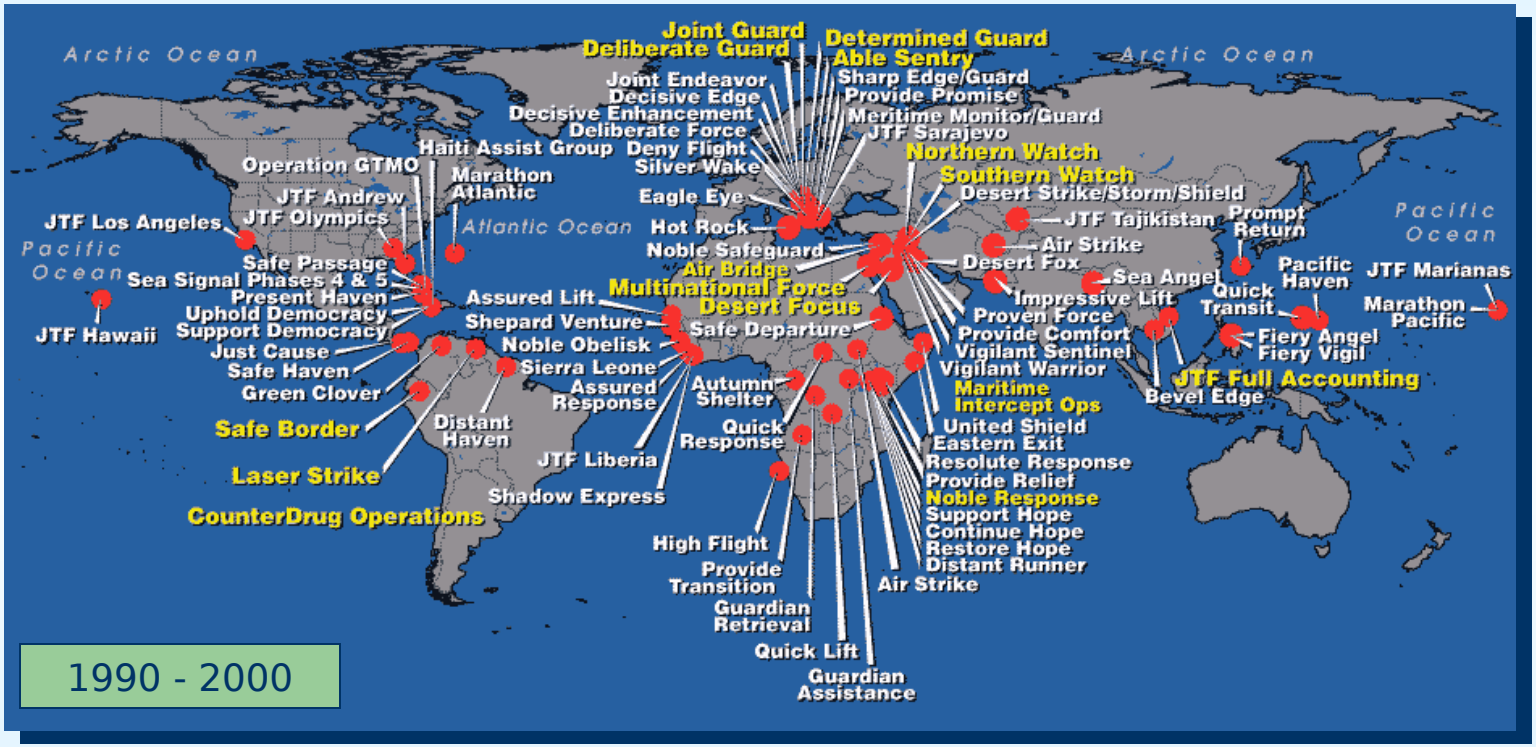
...Even as We Got Busier



- Army - Deployments up 300 percent in 10 years
- Navy - Deployed Navy ships on any given day up 52 percent
- Marine Corps - Calls to respond to crises tripled
- Air Force - Deployments quadrupled since 1986

Prior to 9/11

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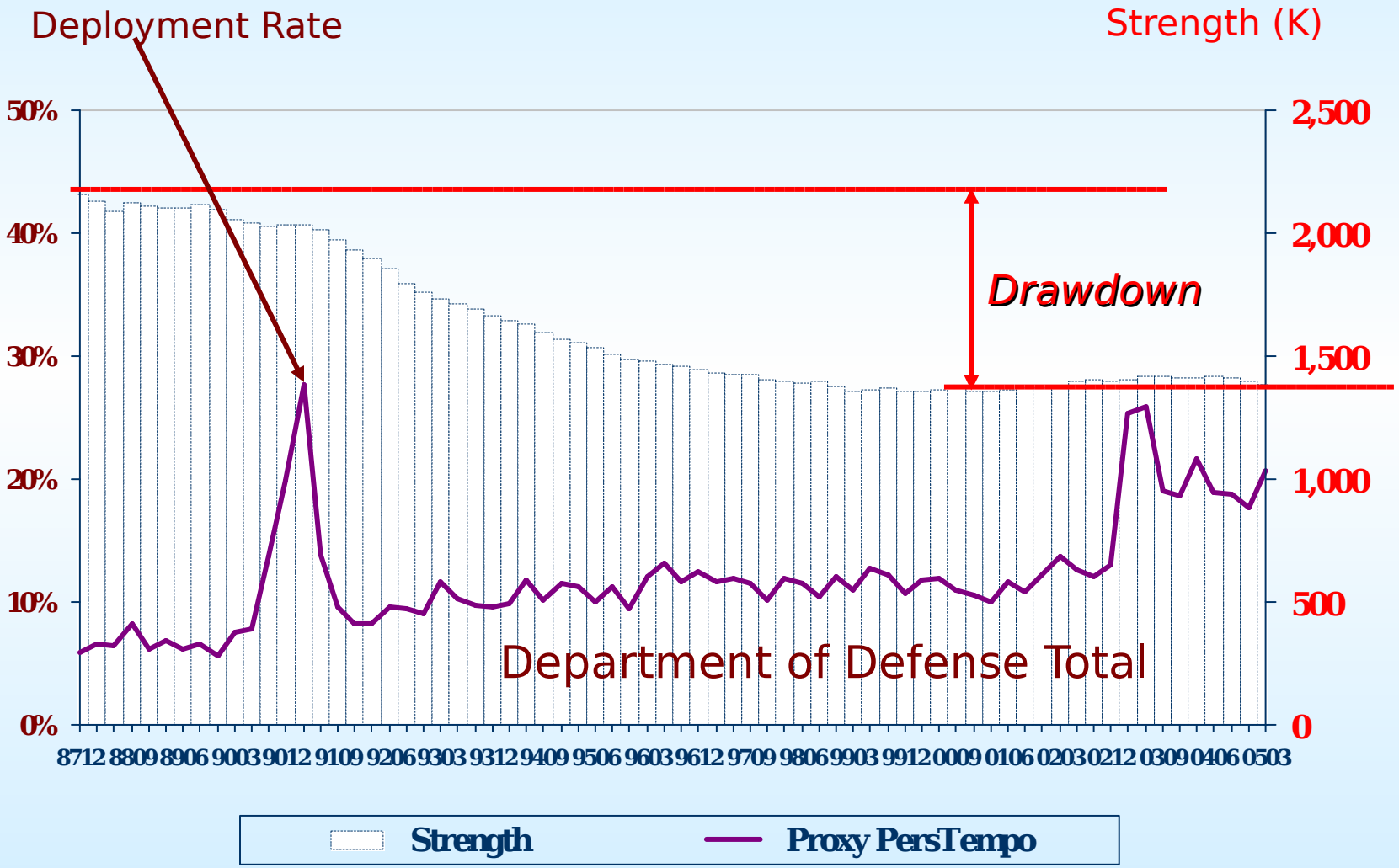
…Deployment Tempo Challenged Retention

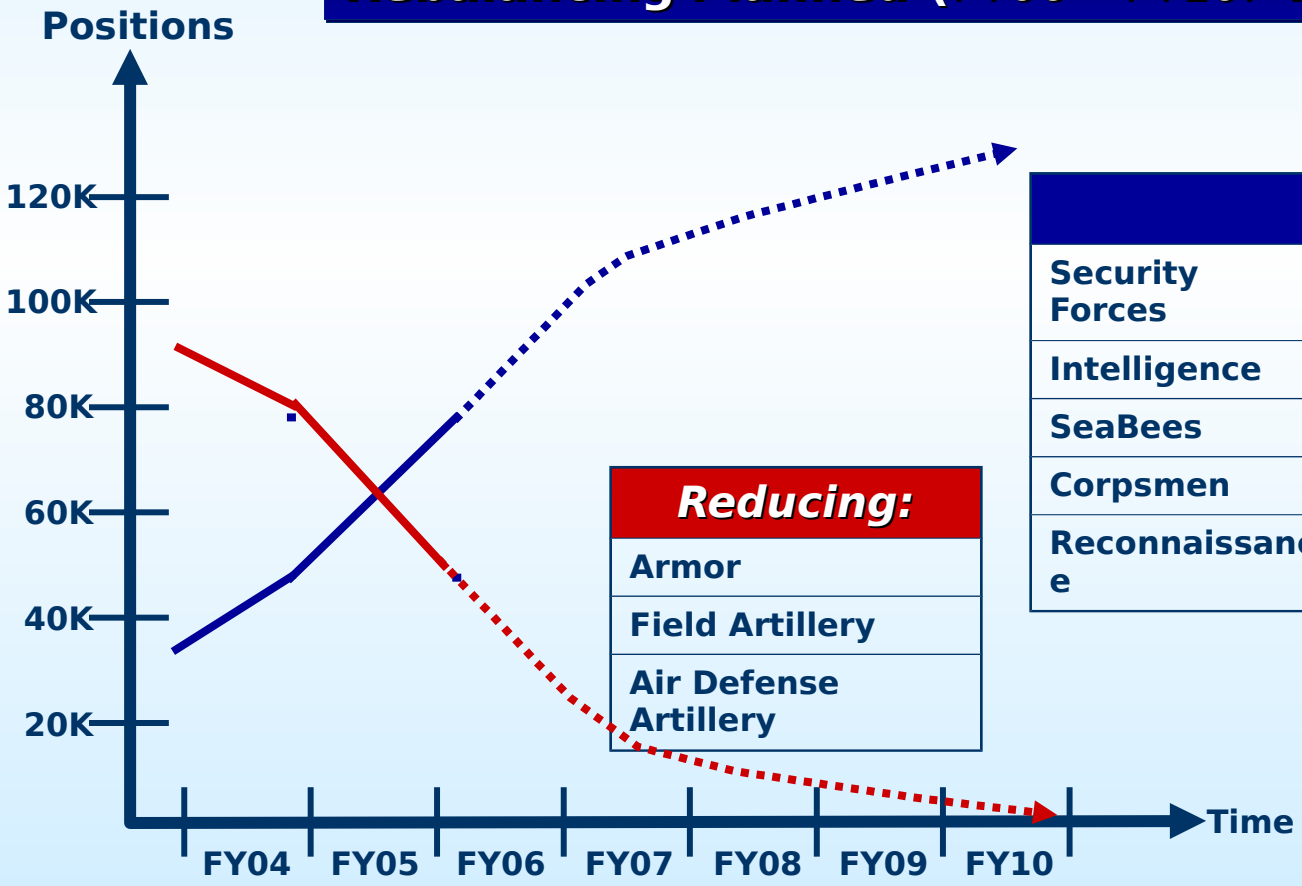


Source: Proxy Personnel Tempo Data, Defense Manpower Data Center (June 2005)

...Meant Rebalancing -- In *and* Between Active & Reserve

Rebalancing *Executed* (FY03 – FY05: **77,000**)

Rebalancing *Planned* (FY06 – FY10: **49,000**)



Reducing:
Armor
Field Artillery
Air Defense Artillery

Adding:	
Security Forces	Transportation
Intelligence	Special Operations
SeaBees	Naval Coastal Warfare
Corpsmen	Civil Affairs
Reconnaissance	Explosive Ordnance Disposal

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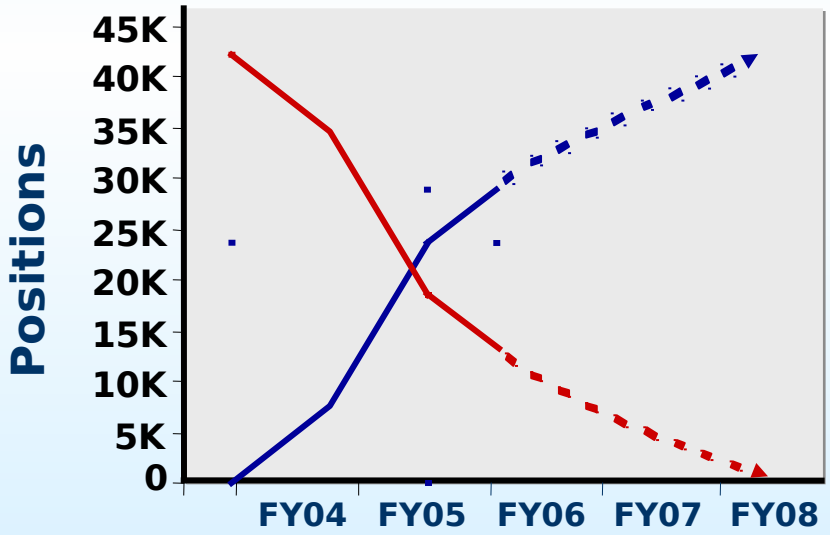
Moving Military Out of Non-Military Jobs

Conversions from military to civilian executed (FY04: **8,000) or under way (**[redacted] **16,000)**

Conversions from military to civilian planned (FY06 – FY11: **18,000)**

Number of Military to Civilian Conversions

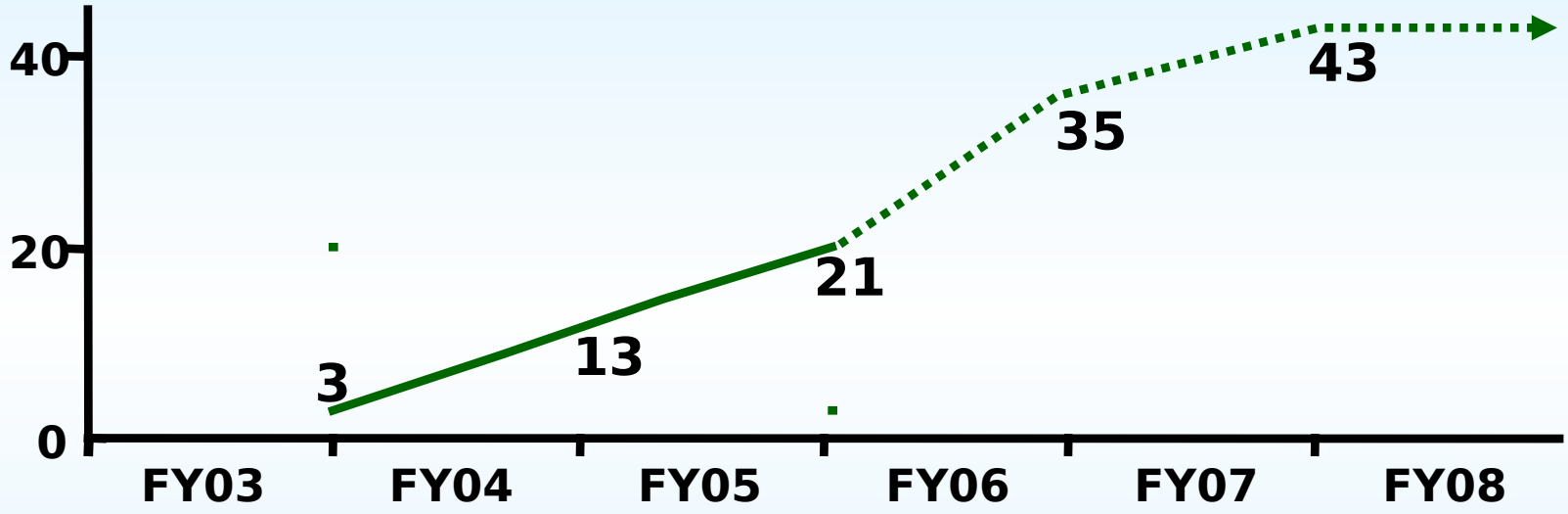


Moving Military Out of	
Medical	Training Support
Military Accessions	Maintenance
Administration	Base Operations
Ship Engineering	Salvage & Recovery

Moving Military Into	
Army brigades	Special Operations
Security Forces	Intelligence

Creating More Useable Combat Units

Modular Active Army Brigade Combat Teams



Other Initiatives

Navy: Fleet Response Plan to surge Carrier Strike Forces

Air Force: Air Expeditionary Force, to provide rapidly deployable force

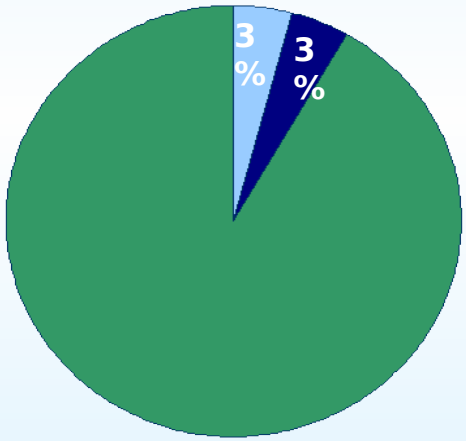
Marine Corps: Two additional infantry battalions

Army National Guard: Converting to 34 Modular Brigade Combat Teams by FY10

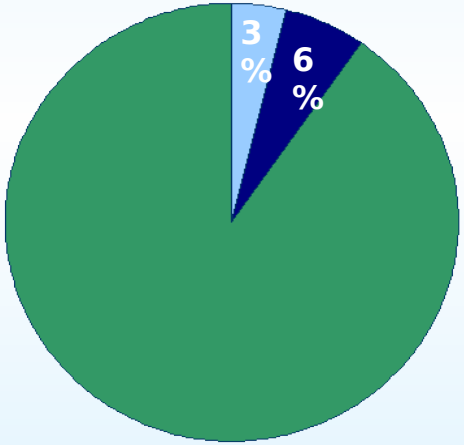
Using Navy & Air Force to Support OIF/OEF on Ground

Combat Support / Combat Service Support

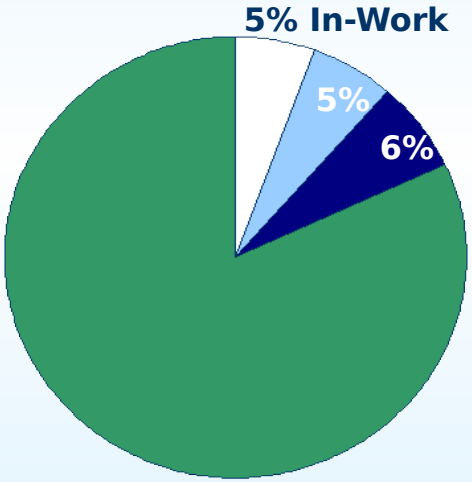
2004 – 2006



2005 – 2007



2006 – 2008 In Planning



Army/USMC

Navy

Air Force

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…And By Demanding Adaptive Policies

- Rest & Recuperation Program
  - More than 140K Participants to Date; 10K at Home Now
- Compensation
  - Involuntary Extensions @ flat $1,000 / month
  - Voluntary Extensions @ minimum ~~$750~~ / month *$1,000*

Paying for Broken Promises

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We'll Now Discuss…

- Adapting to Global Conditions
- What the Leading Indicators Say
- What Actions if Recruiting Fails?
- Why Conscription is Not the Answer

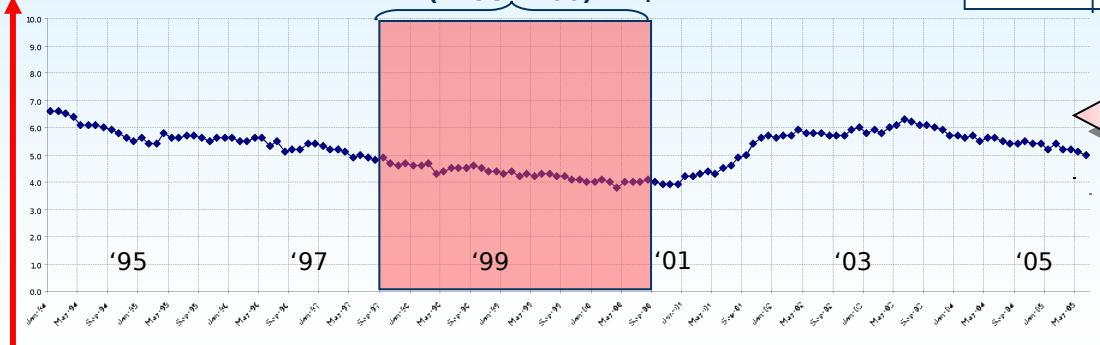
Economic Factors

Total Unemployment Rate

Recruiting/Retention Challenges (FY98-FY00)

Strength:	Strong (Recruiting) Moderate (Retention)
Status:	

Favorable Recruiting/Retention



Unemployment for those over 16 is steadily declining (5%!)

(seasonally adjusted)

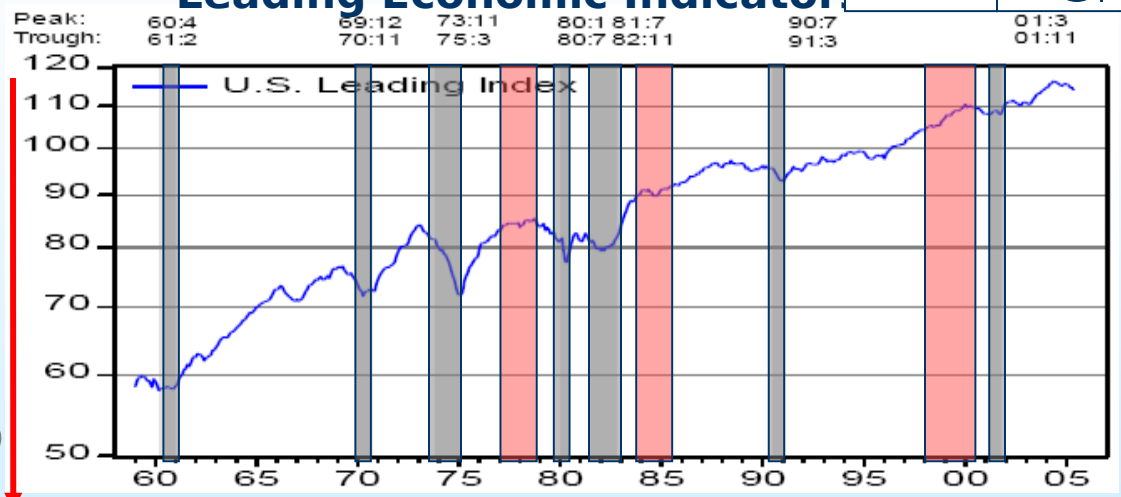
Gray shaded areas represent recessions.
Red shaded areas represent times when recruiting and/or retention were challenged

Strong economy and low unemployment: unfavorable conditions

Index of Leading Economic Indicators

Strength:	Moderate
Status:	

Favorable Recruiting/Retention

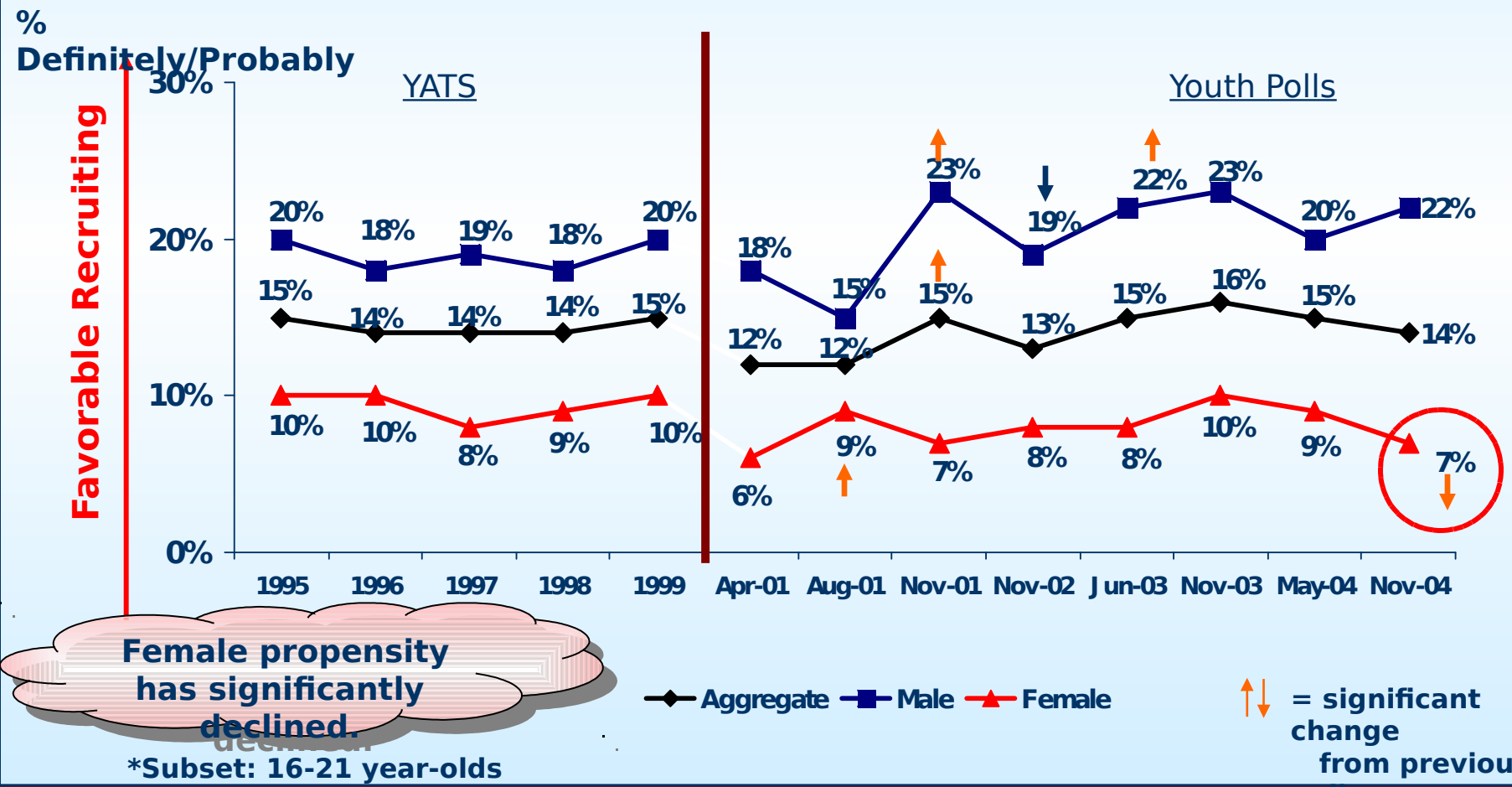


Source: The Conference Board Release for May 2005, released 20 June 05.

Propensity to Enlist
by Gender

Strength:	Moderate
Status:	

General Military Propensity*



*Subset: 16-21 year-olds

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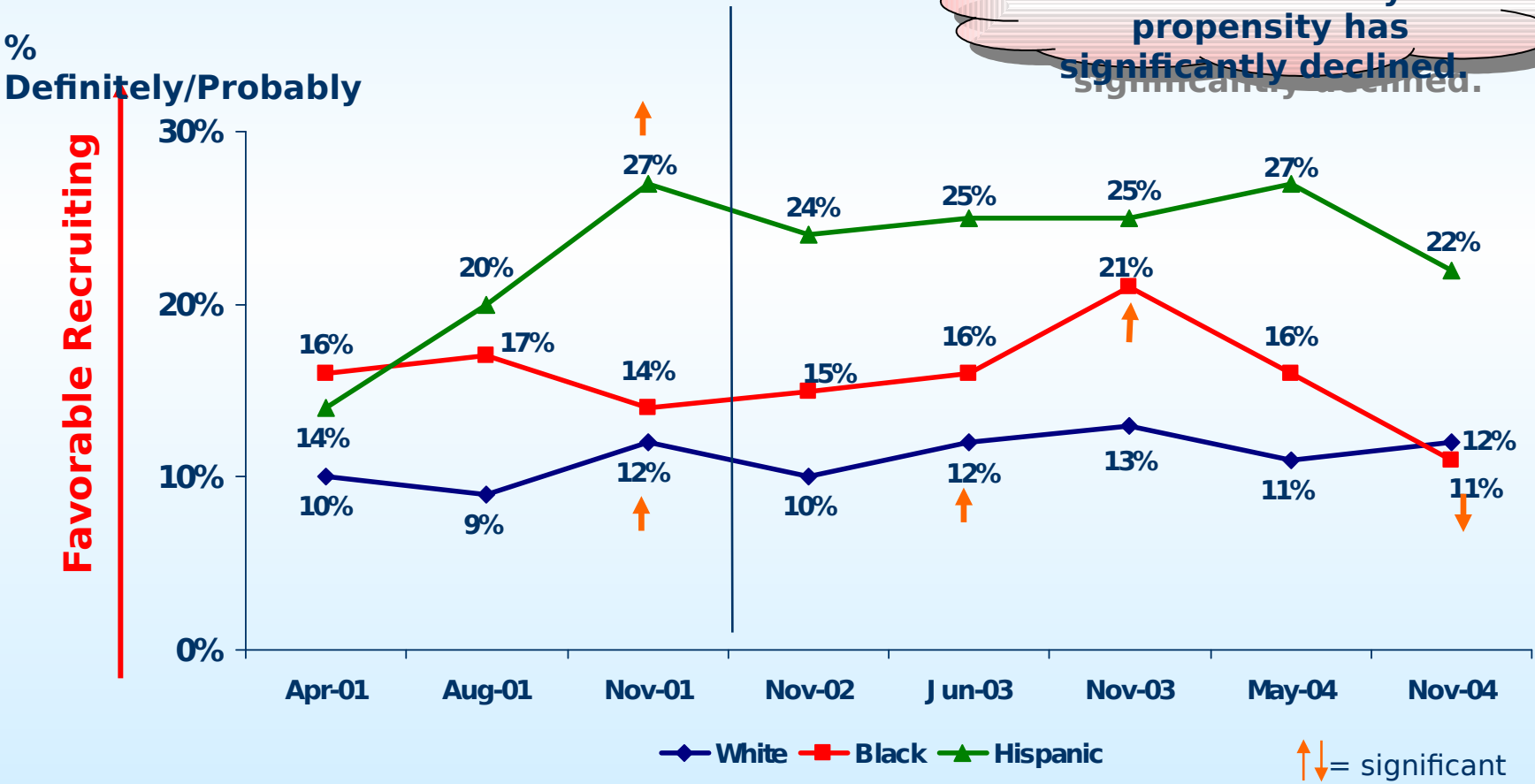
Propensity to Enlist
by Race/Ethnicity

Strength:	Moderate
Status:	

General Military Propensity*

Black military propensity has significantly declined.

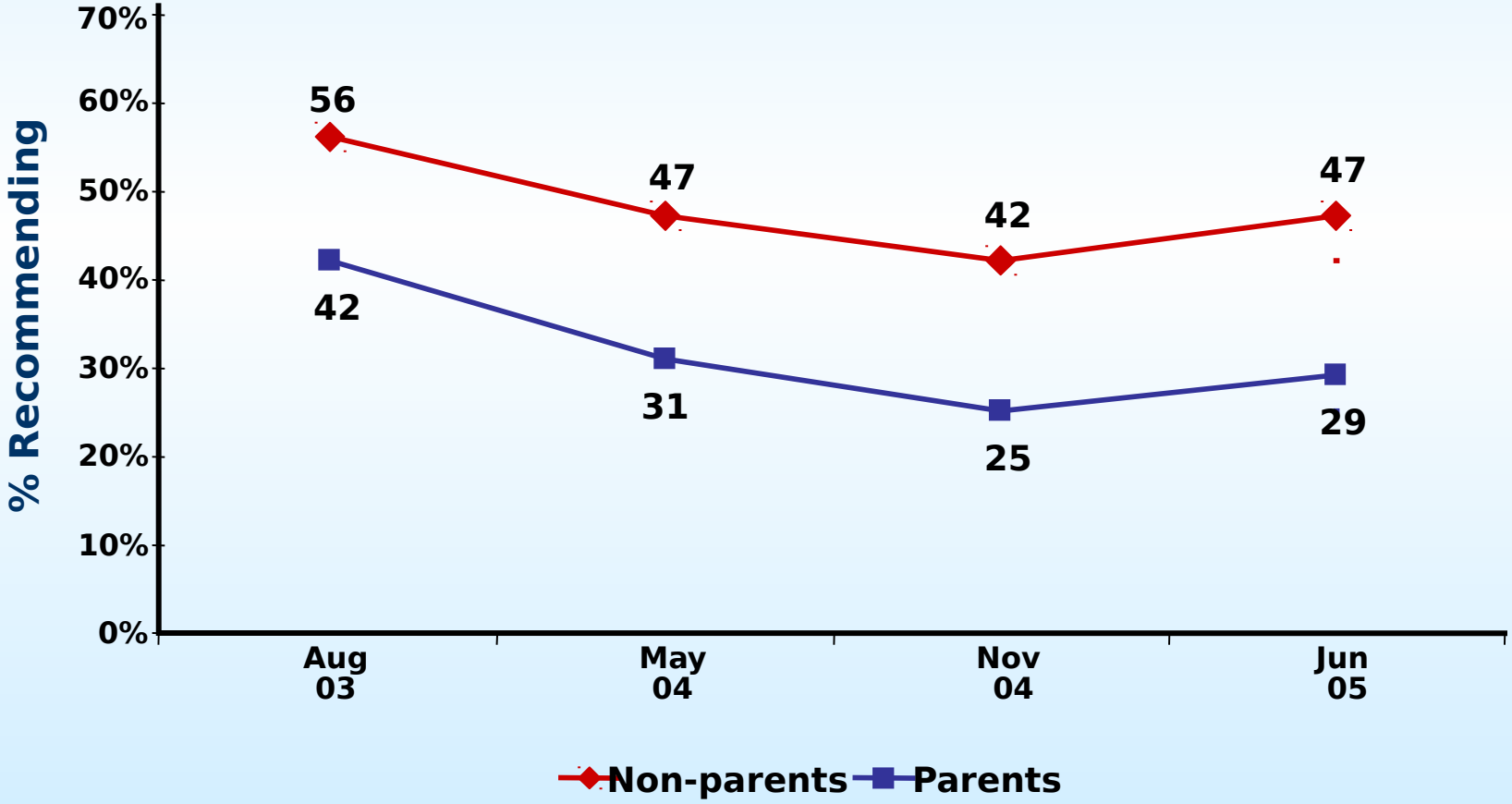


= significant change from previous poll

*Subset: 16-21 year-olds

Adult Propensity to Recommend Enlisting

Suppose one of your children / students / a youth you know came to you for advice about various post-high school options. How likely is it that you would recommend (... military service ...)?



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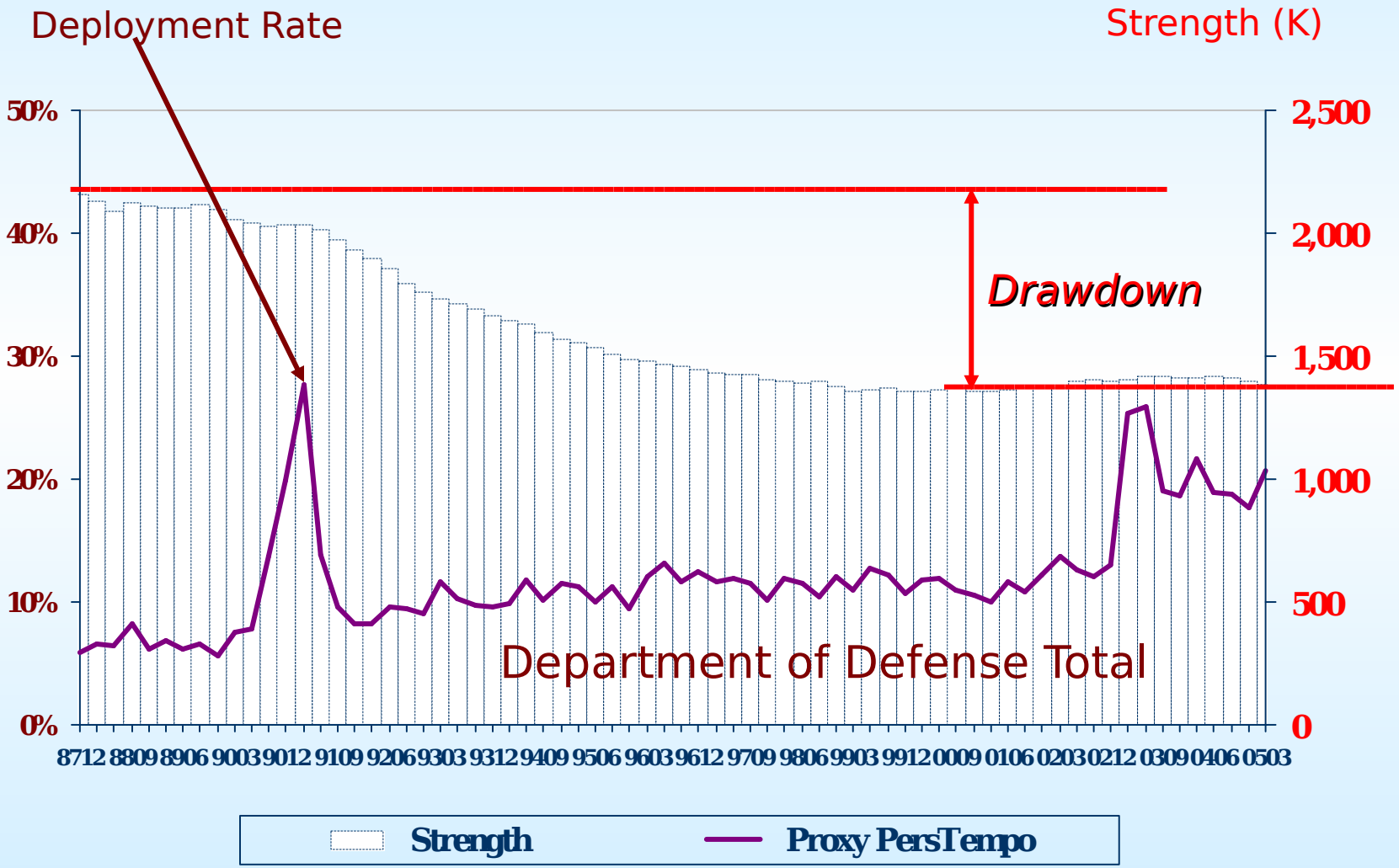
Deployment Tempo Challenges Retention



Source: Proxy Personnel Tempo Data, Defense Manpower Data Center (June 2005)

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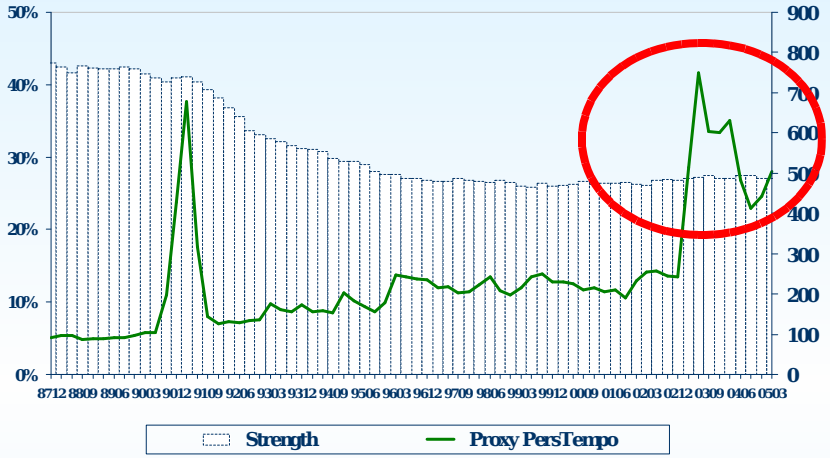
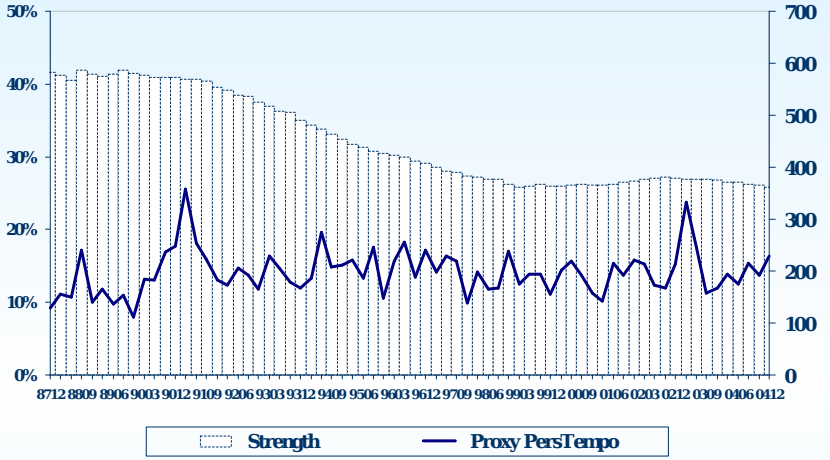
Service Trends Vary…

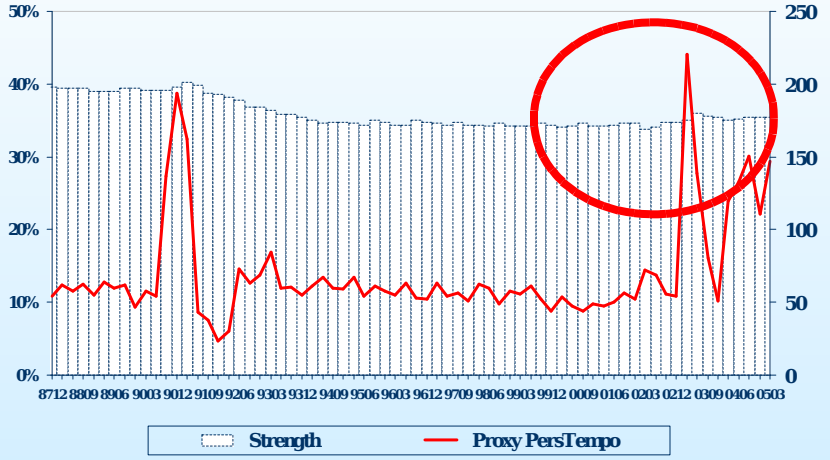
Army



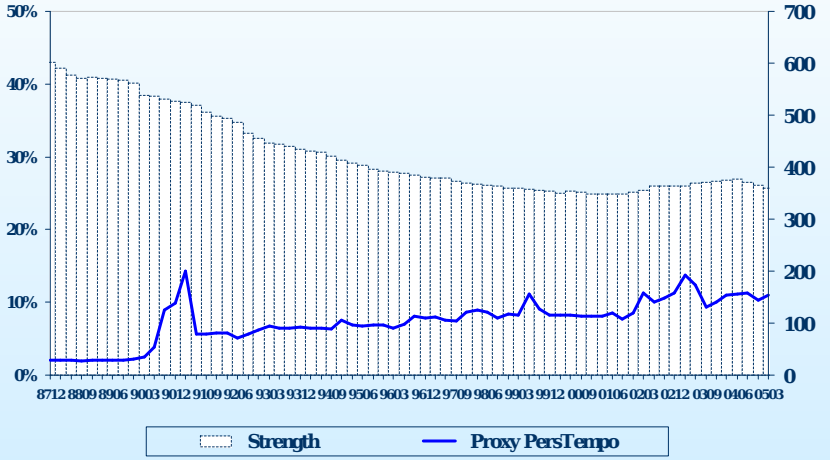
Navy



Marine Corps



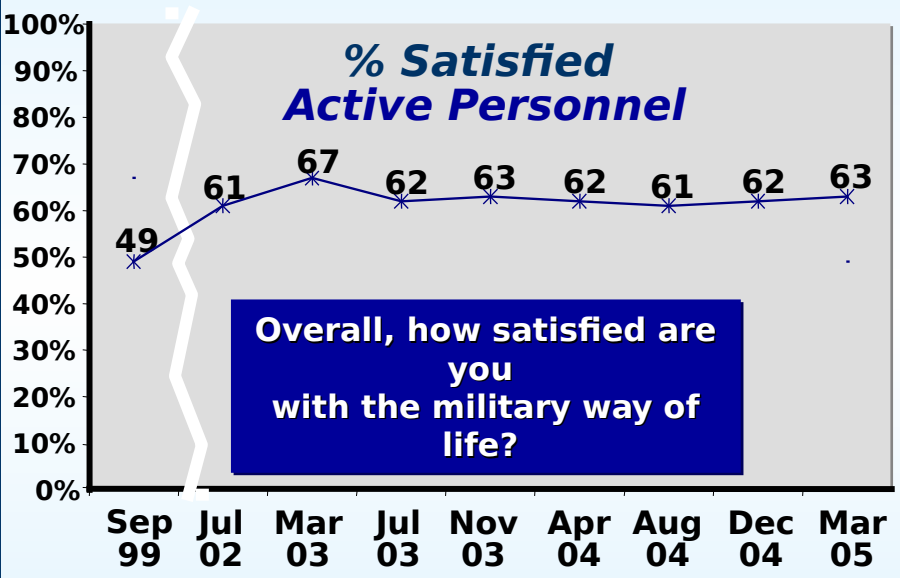
Air Force

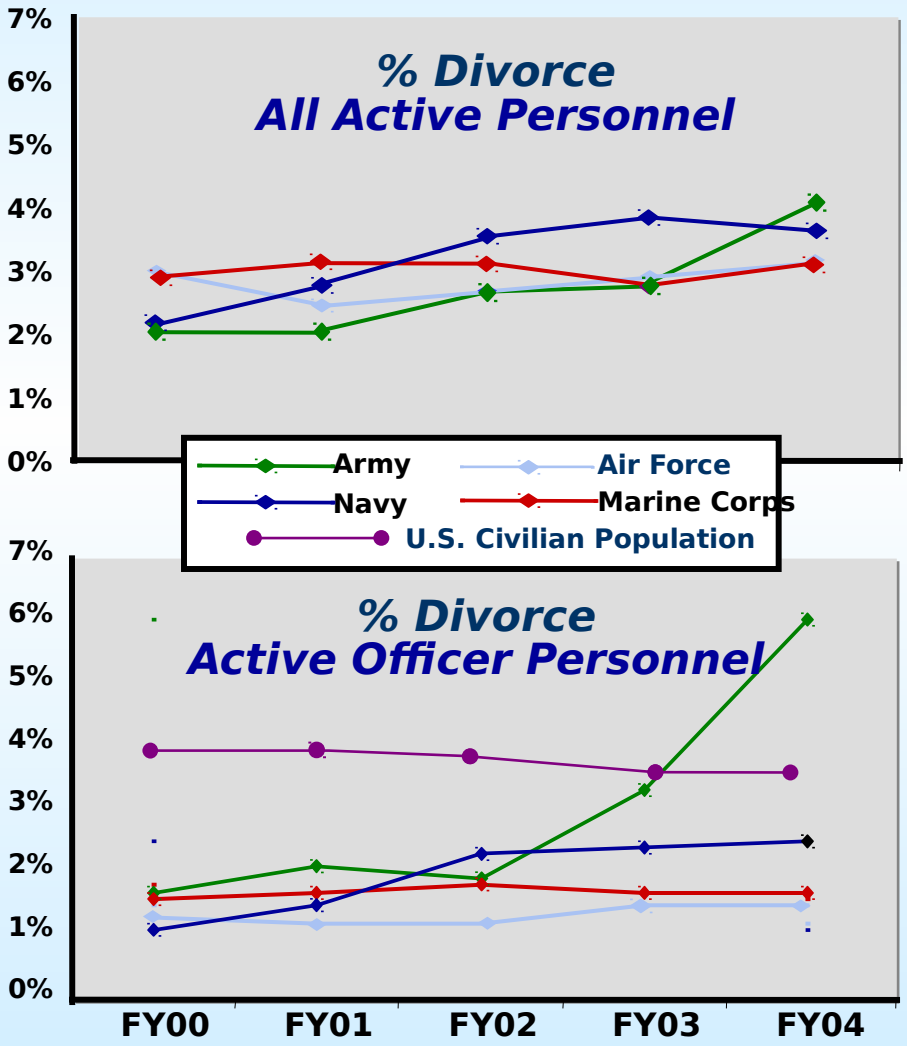


Source: Proxy Personnel Tempo Data, Defense Manpower Data Center (June 2005)

Proxy: If unit strength is 10 or more, and 30% of Service members in the unit are married or single with dependents, and 60% or more of these receive FSA/IDP, then the entire unit is considered

Key Indicators Reassuring
... But Signs of Strain

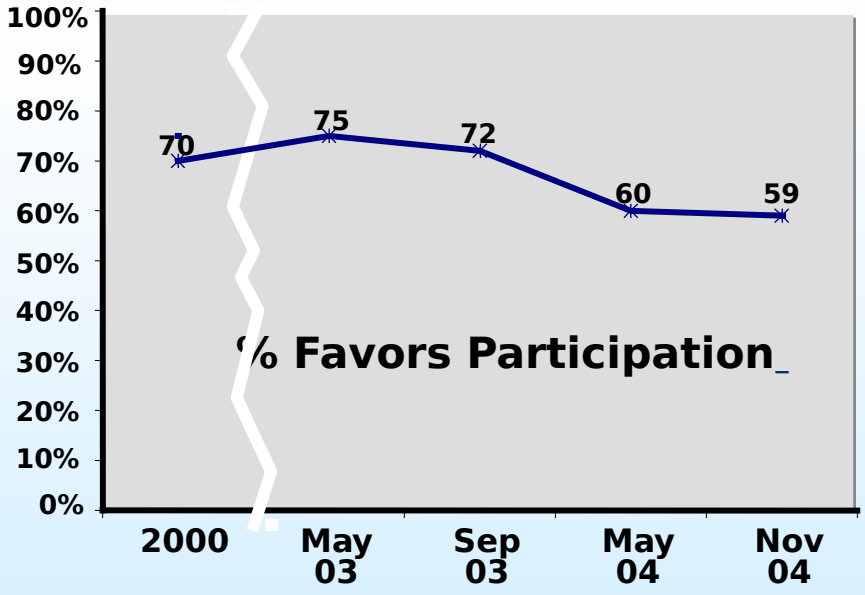




Spouse Support

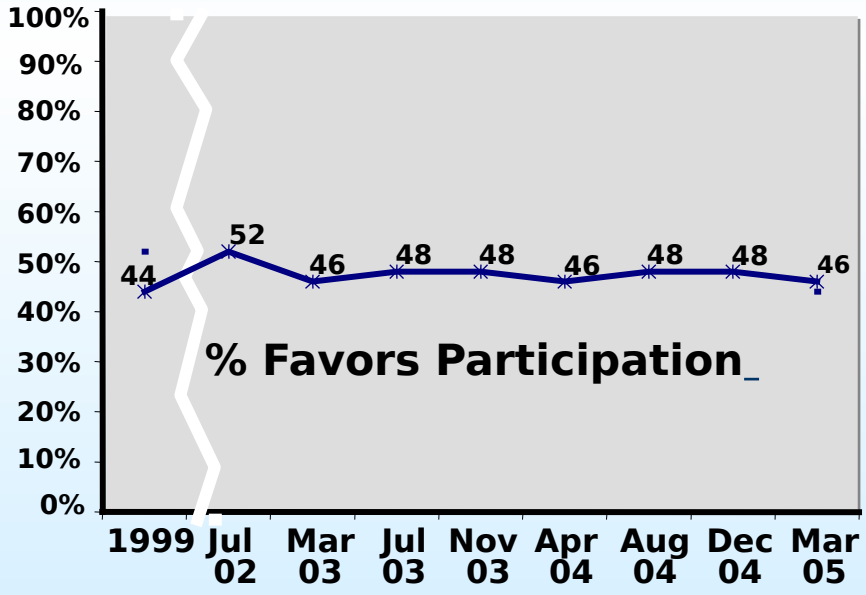
Reserve Personnel

In your opinion, how does your spouse/ "significant other" view your participation in the National Guard/Reserve?



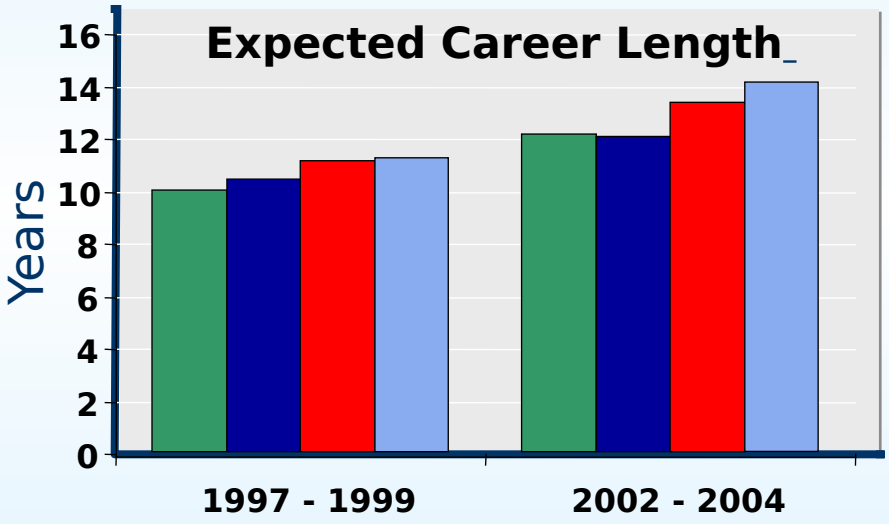
Active Personnel

Does your spouse or "significant other" think you should stay on or leave active duty?

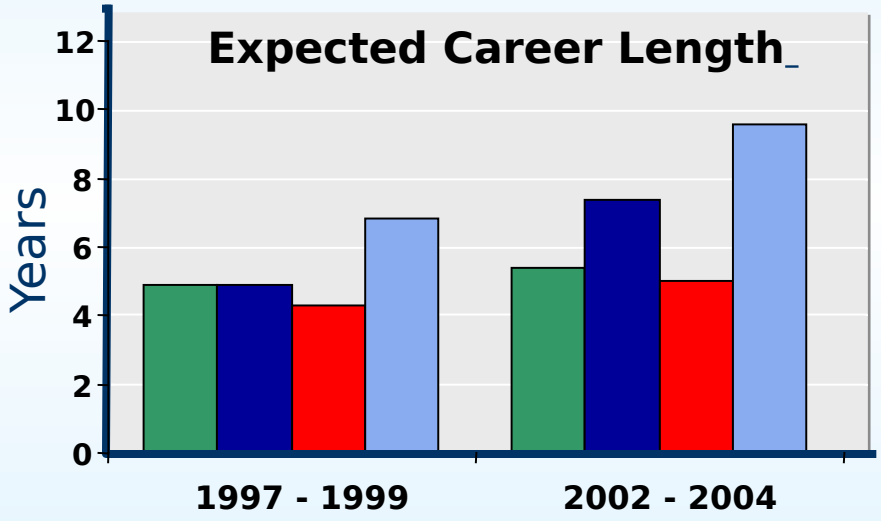


…But They're Staying with Us

Active Officers



Active Enlisted



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Working Hard to Ease Pressures

Military Pay Up 22% Since 9-11

Basic Allowance for Housing Up 61% From 2001-2005

- Eliminates out-of-pocket costs ($700 million returned to members)

Housing

- Eliminates most substandard housing by 2007, three years early
- Privatized housing units up ten-fold since Jan 2001 (97,000 units)

Thrift Savings Plan (TSP) Since January 2002

- Contribute up to 9% (max $13,000); 30% military participation, mostly officers, disproportionately Navy

Assistance to Injured or Deceased

- SGLI to $400K; Death Gratuity to $100K (Combat Zones, or Prep for Same)

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But Increasingly Trapped By Entitlements Growth

Enacted

- **TRICARE for Life/Enhanced Benefits**
- **Family Separation Allowance**
- **Repeal of Military Retiree Reform Act of 1986 (Redux)**
- **Partial Concurrent Receipt**
- **Survivor Benefit Program**

Potential Growth with NDAA 2006

- **Age 55 Reserve Retirement**
- **Full Reservists Health Care Coverage (TFL)**
- **Full Concurrent Receipt**

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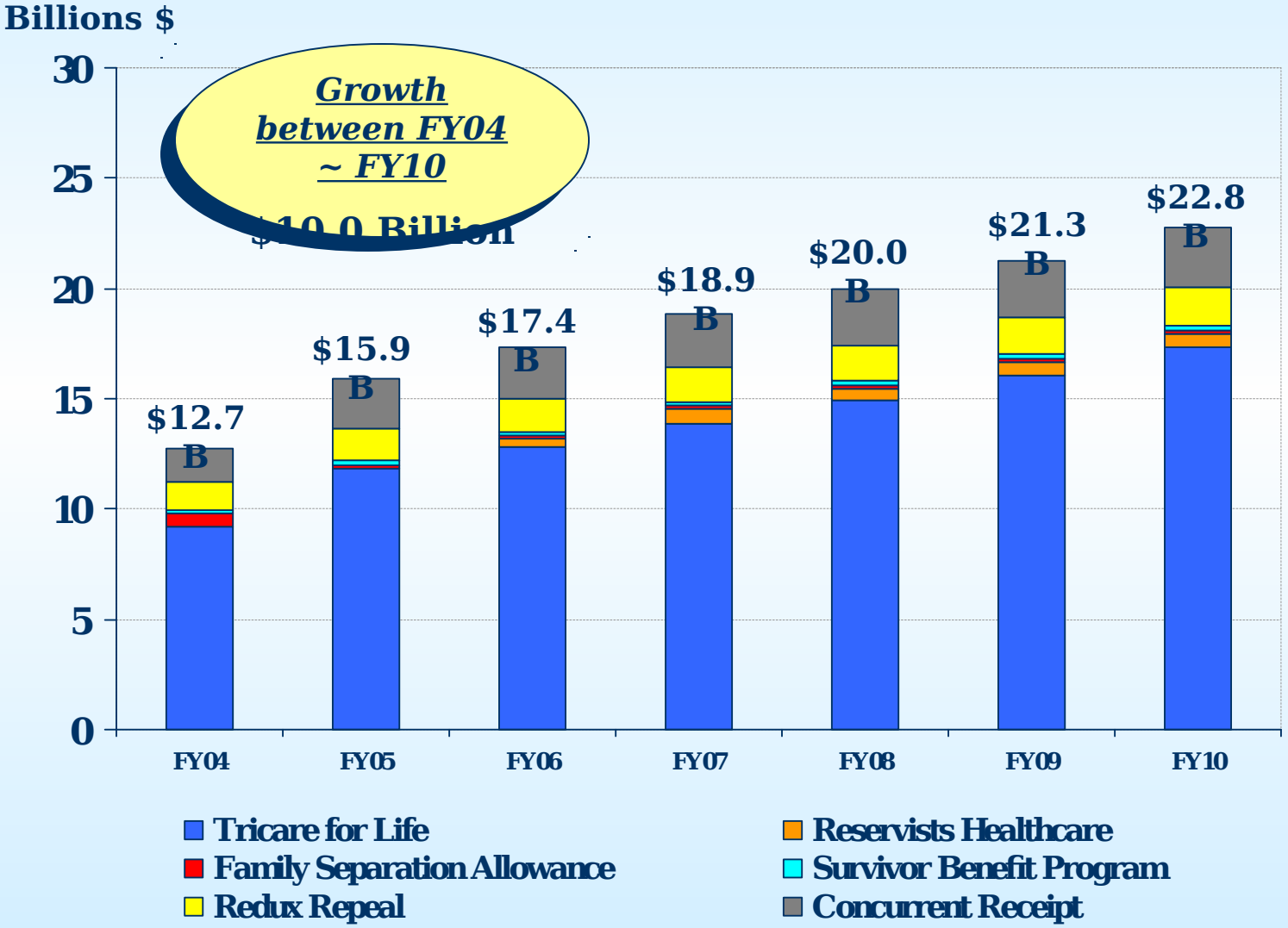
Benefits Growth from Past Congressional Actions



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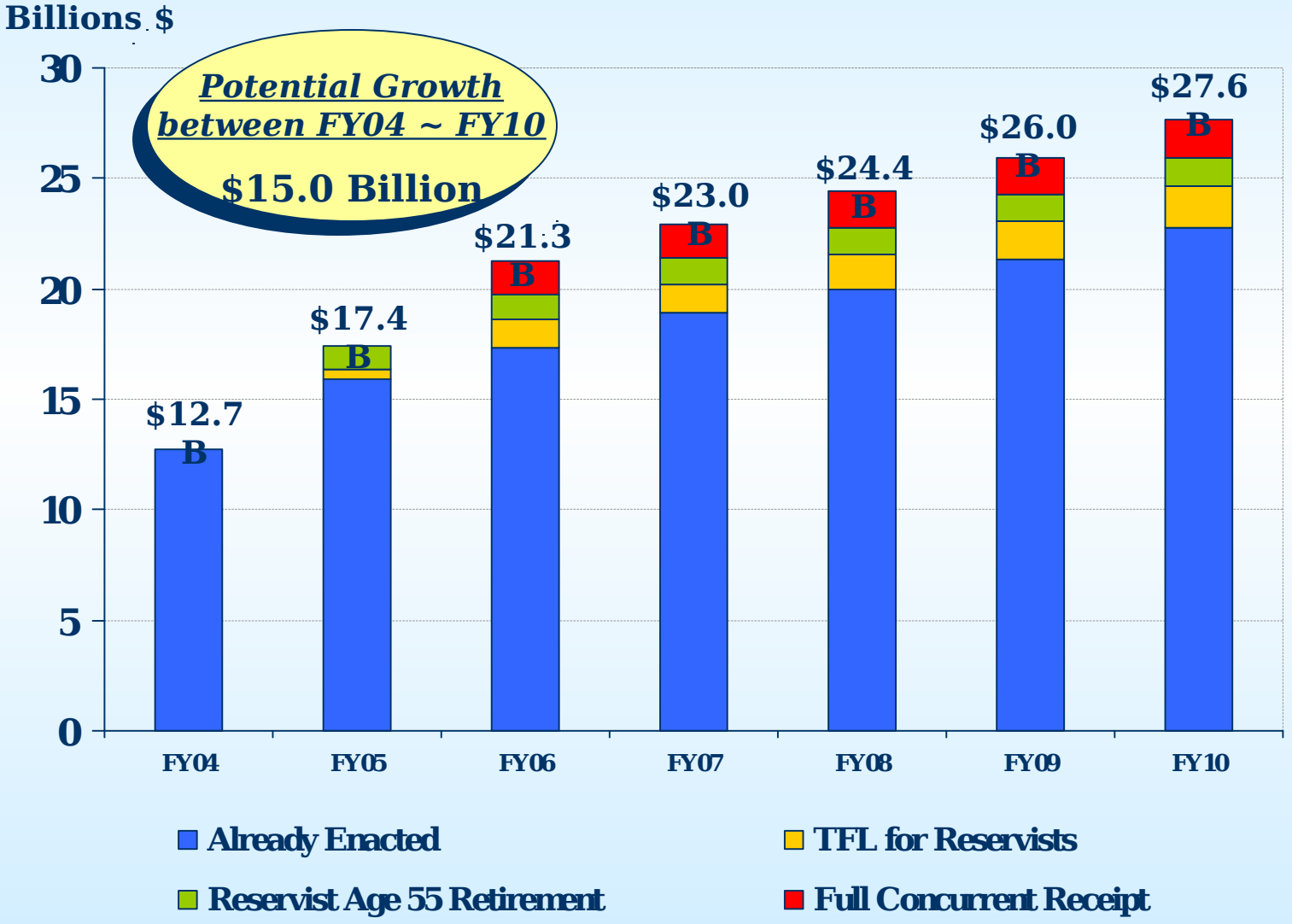
Benefits Growth from Past & Potential Congressional Actions



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We'll Now Discuss…

- Adapting to Global Conditions
- What the Leading Indicators Say
- What Actions if Recruiting Fails?
- Why Conscription is Not the Answer

Alternatives

A Work in Progress

Accept Deficit

Buy Our Way Out

- More Resources for Recruiters and Incentives

Adopt Market-Expanding Policies at Little or No Cost

- Immediate Active Duty at De-Mobilization (“Prior Service” Enlistment)
- Hike Prior Service Recruiting (Force Shaping Risk)
- Relax Education Credentialing (Attrition Risk)
- Waive More Over-Fats (Attrition Risk)
- Review Citizenship Criteria (National Leadership Must Review)
- Adjust Aptitude (AFQT) Mix (Performance Risk)

Combinations of the Above, or Others…

Office of the Secretary of Defense

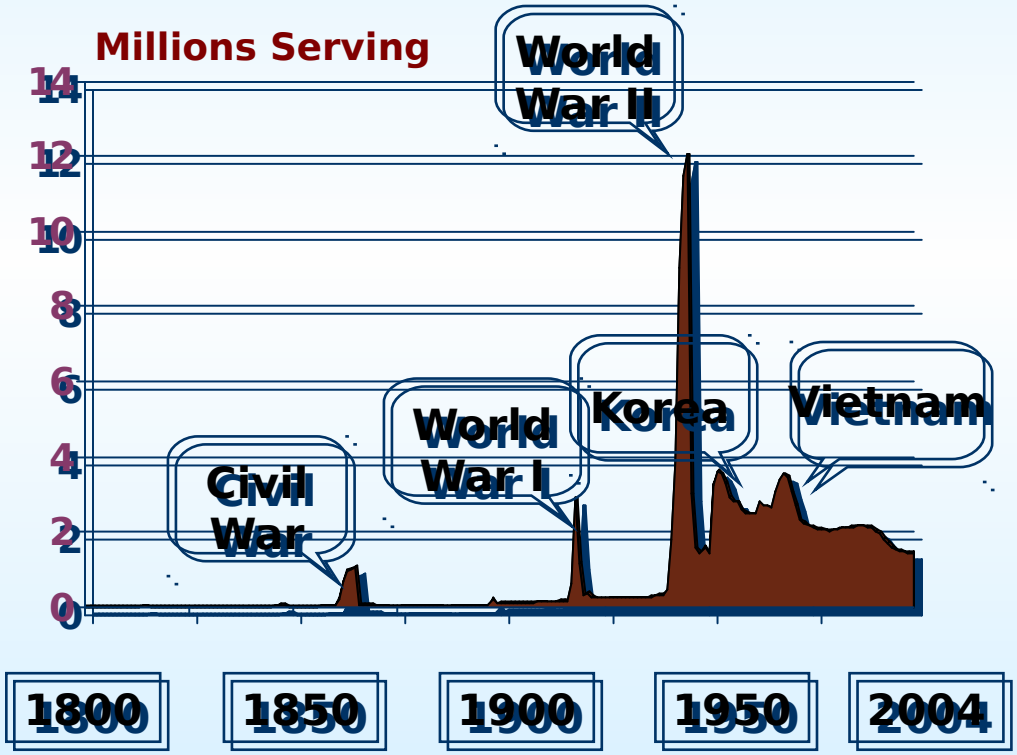
We'll Now Discuss…

- Adapting to Global Conditions
- What the Leading Indicators Say
- What Actions if Recruiting Fails?
- Why Conscription is Not the Answer

Office of the Secretary of Defense

Volunteerism is the American Tradition

- **Conscription for Only 35 of 220 Years**
  - 1861-1865
    - 2% North
    - 14% South
  - 1917-1918
    - 100% in 1918
  - 1940-1947
    - 61% Over Period
  - 1948-1973
    - 27% Korea
    - 25% Vietnam
- **The Tradition of Service**
  - Obligation or Opportunity



Office of the Secretary of Defense

Volunteer Force Has Big Advantages

High-Quality All-Volunteer Force

- ***95% HS Grads vs 75% American Youth Age 18-21***
- ***60% Top-Half Aptitude***

National Support

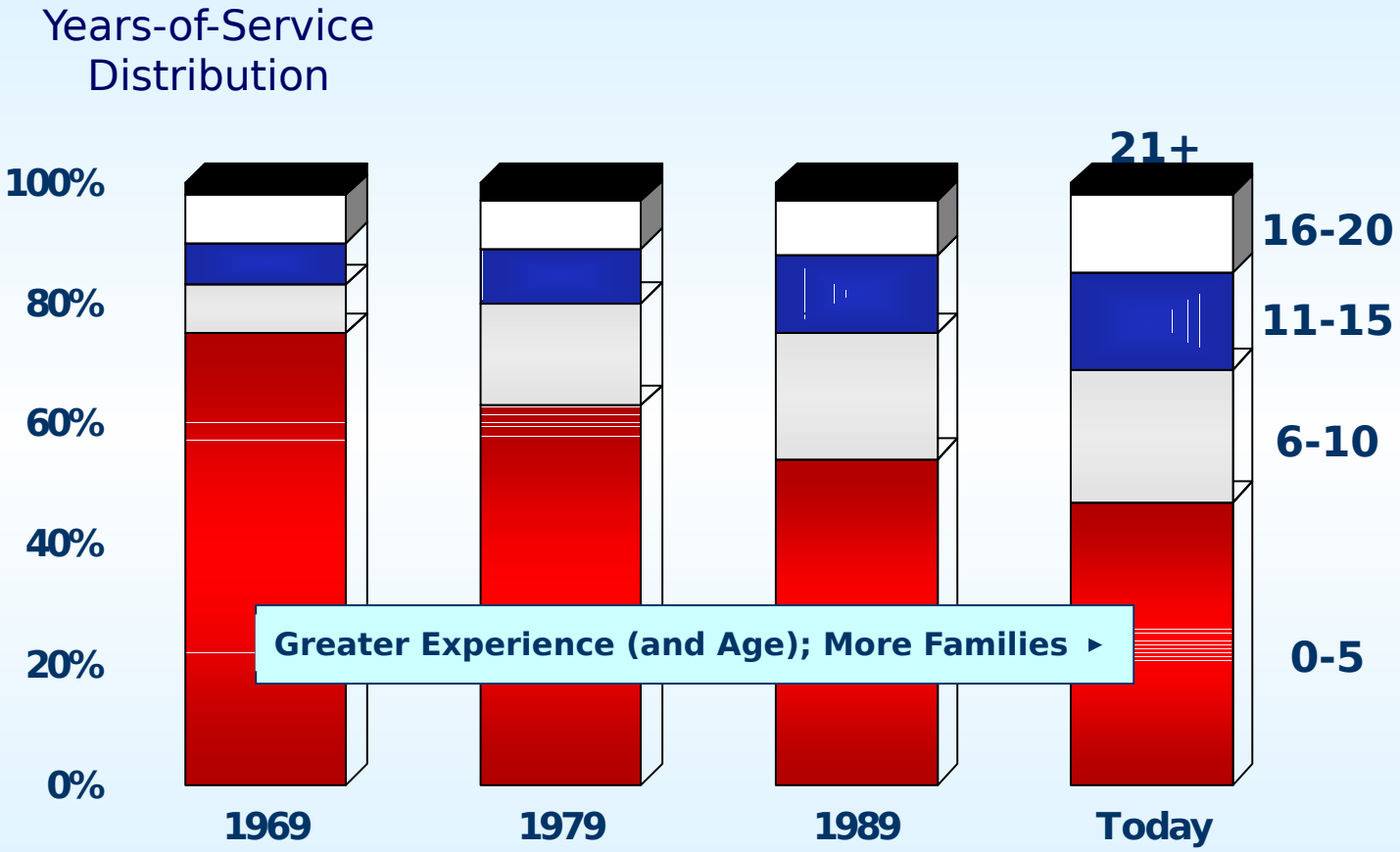
- ***85% of US Favors Volunteer Force over Draft (Gallup, OCT 04)***

More Experience; Less Training

- ***Draft: 1 in 10 Remain at First "Stay" De***
- ***All-Volunteer Force: 1 in 2 Continue***

Office of the Secretary of Defense

Volunteer Force Yields Far Greater Seasoning



U.S. Military - Enlisted

Suits Our Strategy

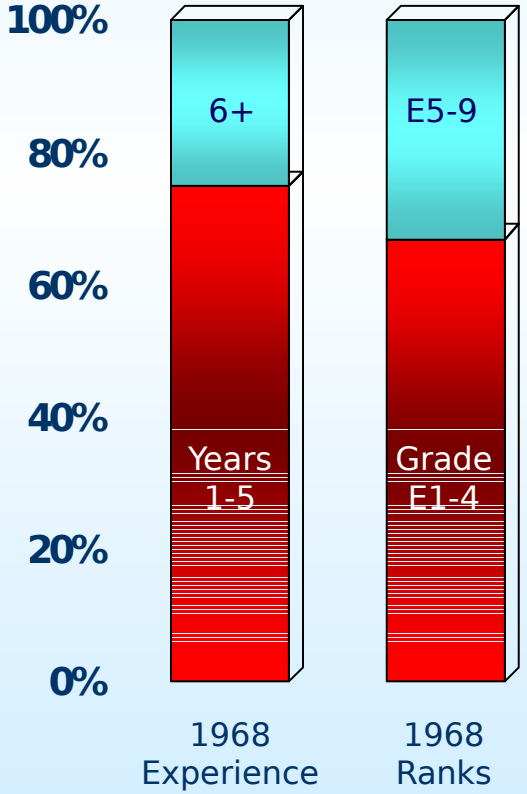
- Procure Systems Demanding Less (Apprentice)Manpower
- In Turn, Hikes Grade Mix and Demand for Experience

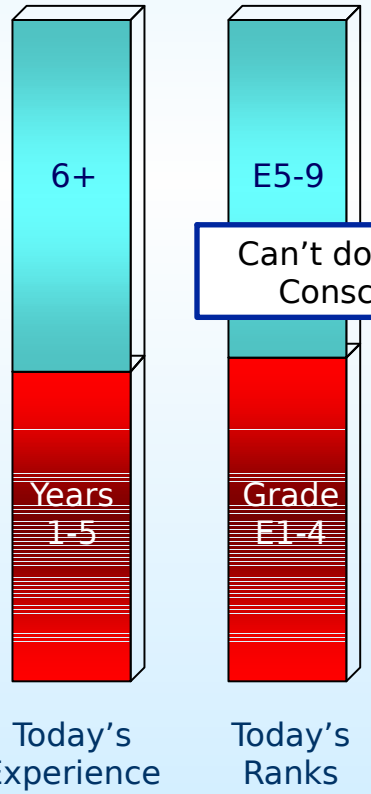
Grade/Seasoning -- Matching to Systems

More People; Many "Laborers"

Rank & Experience

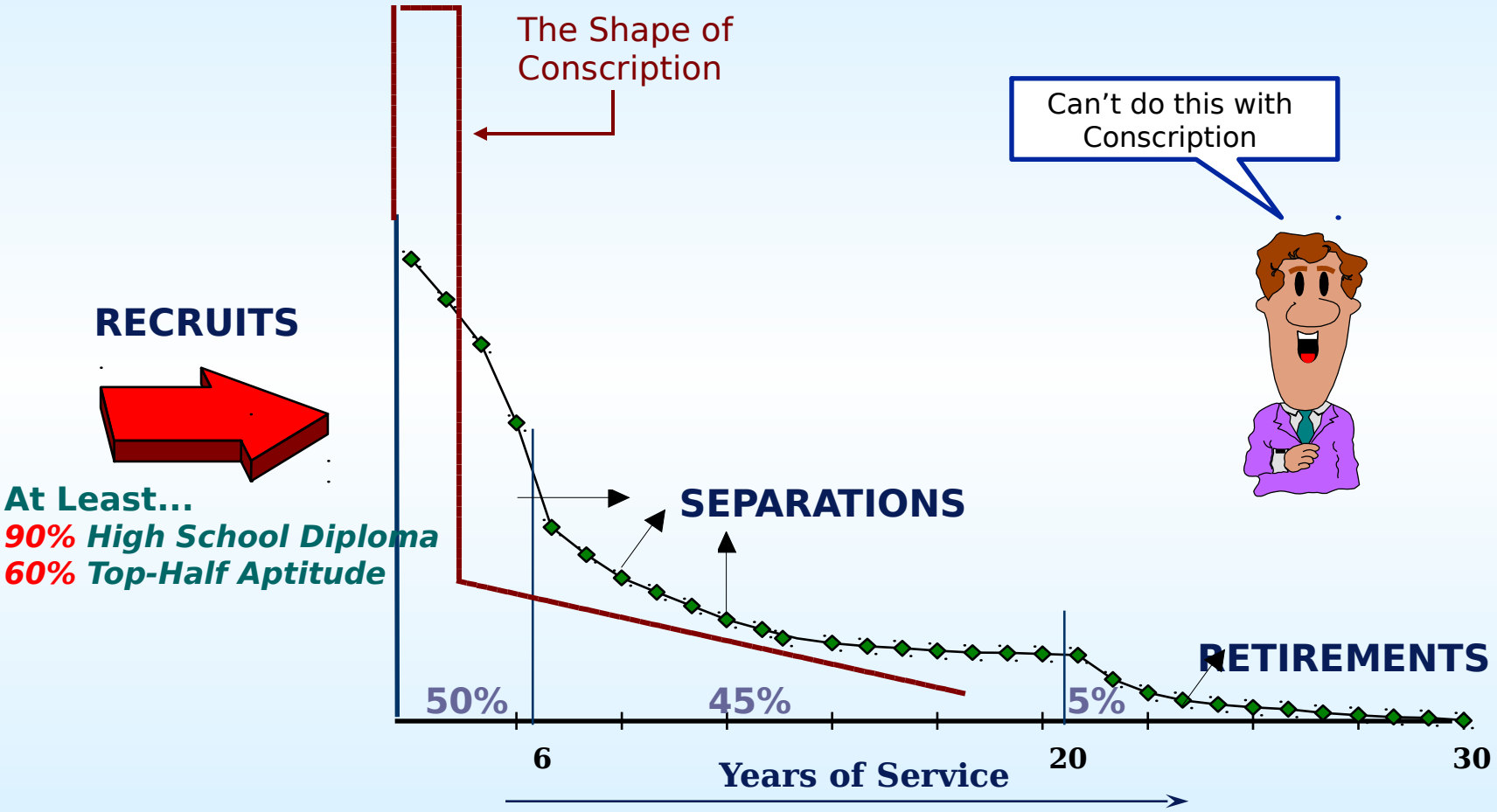
Fewer but More Rank





Can't do this with Conscription

What We Want...



U.S. Military - Enlisted

Questions or Advice?